The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

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WASHINGTON OFFICE
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Colorado Building, Washington, D. C.

THE BOYCOTT AND THE BUSINESS DEPRESSION AT SHANGHAI

THE U. S. Department of Commerce at Washington on September 9 released to the American press a report on business conditions in China with respect to the Chinese boycott against Japanese goods. The report which was carried by the *Associated Press* showed that Japanese exports to China in the first six months of the present year showed a decline of Yen 20,000,000 while China's exports to Japan in the same period showed a falling off of Yen 33,000,000. The chief decline in Japanese trade was in the Yangtsze valley and in South China, the decline in South China being almost to the zero mark indicating a practical cessation of Japanese commerce. The decline of Japanese commerce in South China was also evidenced in Japanese exports to the British colony of Hongkong which showed a decline from Yen 20,000,000 for the first six months of 1931 to Yen 6,000,000 for the first six months of 1932. The only section of China proper where Japanese trade apparently flourished was in the Tientsin district where Japanese exports increased Yen 10,000,000 over the figures for 1931. However, Chinese exports from North China to Japan in the same period showed a falling off of Yen 10,000,000. Japanese trade from the standpoint of both imports and exports in Manchuria appeared little changed from last year's figures stated the Washington report, which concluded with the following significant statement,

> "Japan's appropriation of the equivalent of nearly G.$40,000,000 at the third special session of its Diet for the relief of farmers, fishermen and small merchants emphasizes the state into which her trade has fallen."

While there has been some improvement in Japanese trade in recent weeks, particularly in silk shipments to America and cotton goods and yarn to China and other parts of the world, there is no question but that the Sino-Japanese crisis as evidenced in the Chinese boycott of Japanese goods is largely responsible for the extreme business depression now prevailing at Shanghai. This is due to the fact that Japanese trade previously occupied such an important place in the commerce of China, hence the elimination or serious disturbance of that trade has had the inevitable effect of disrupting Chinese commerce generally and to that extent has been responsible for the serious economic depression now prevail-

ing. The Japanese authorities constantly issue trade reports which indicate that Japanese goods are still being sold in China but these reports do not tell the whole story since the figures give no indication of the resulting profits. An example will show what we have in mind: In order to produce a bale of cotton yarn a certain amount of labor and materials must go into the manufacturing process, the costs of which are more or less fixed; hence in order to sell that bale at a profit a certain amount must be added to the manufacturing cost. Under ordinary peace-time conditions, the Japanese are usually able to undersell competitive American and British goods of similar quality due to Japan's nearness to the China market and her lower cost of production. Japan is able to do this and still show a profit—under normal peace-time conditions. But now the situation is different due to Chinese animosities against the Japanese on the Manchurian and other issues; hence the Japanese have been compelled to resort to subterfuge in order to sell their goods. These methods take various forms such as the placing of false labels on the merchandise, the trans-shipment to non-Japanese ports such as Manila, Seattle, Vancouver, Singapore and other places where the parcels are repacked in cases which camouflage the Japanese origin. Then, and of greater importance, the Japanese recently have resorted to drastic price-cutting as a means of inducing the Chinese to take their goods, some neutral American and European merchants claiming the Japanese have been known to cut prices as much as 25 percent below production costs in order to dispose of their goods. This practice, popularly known as "dumping" has largely been responsible for recent Chinese acts of violence directed against so-called "traitorous" merchants, the traitorous Chinese merchants being those who have not been able to resist the opportunity to earn a good profit by dealing in "contraband," otherwise under-valued Japanese goods. Also, it might be mentioned the Japanese policy of "dumping" in order to keep their home factories operating and also in order to raise funds for meeting their heavy foreign commitments, has led to retaliatory legislation in various parts of the world, notably in India, the Philippines, Mesopotamia and elsewhere and threatened legislation in the United States.

A report by *Reuter* from London on Oct. 10 stated that the Manchester Chamber of Commerce had protested regarding the action of the Japanese in selling cotton goods in Ceylon at prices far below costs of production in European countries.

However, our chief interest is in China where the Chinese disinclination to buy Japanese goods and Japanese effeorts to circumvent the boycott have largely been responsible for aggravating the already serious trade depression. Obviously the dumping of Japanese merchandise at far below cost prices on the Shanghai market has seriously dislocated all trade, with Chinese as well as with neutral foreigners, and has benefitted nobody, the Japanese least of all. The result of this situation has been to cause a general dislocation of all lines of business even real-estate values being affected. Obviously if merchants cannot earn a profit they cannot pay their rents or maintain their office and selling staffs and this hits everybody, ultimately adversely affecting all lines. The worst indictment of Japanese military policy in the Far East is indicated in the weekly chart issued by the American Oriental Finance Corporation which shows that twenty representative local stocks have slumped from an average slightly under thirty to a present average of about twenty. This slump in local stocks began almost simultaneously with the Japanese military intervention in Manchuria on September 18, 1931.

While American and European merchants and native Chinese manufacturers have been able to fill part of the gap caused by the stoppage of Japanese trade, they assuredly cannot fill all of it; hence it is more or less obvious that there cannot be any permanent revival of local commerce until Sino-Japanese relations have been brought back to a normal status. And that happy day appears a long way off in view of the intransigeant attitude of both sides. The recent publication of the League Commission's report, which constituted a sincere effort on the part of neutrals to provide a basis of compromise has made the situation no better, hence if nothing occurs in Japan to cause the Japanese military party to change its attitude on the Manchurian issue, it is possible that present or even worse conditions will continue to prevail until everybody is bankrupted. It is possible of course, that if given sufficient time, China trade will be able to reconstruct itself without Japanese merchandise through the process of local manufacturing or purchases in American and European markets, but as stated, this will be a long and painful process.

Of direct interest to this subject was a report on the anti-Japanese movements in China which was issued last week by the Shanghai Japanese Chamber of Commerce. This pamphlet contained much interesting material, particularly the admission that the recent intensification of the boycott with violent accompaniments such as the bombings of Chinese shops handling Japanese goods, had resulted from renewed Japanese military activities in Jehol province. This was the first public admission by the Japanese that the boycott was a consequence of Japanese military activities, whereas previous Japanese declarations have tried to give the impression that the boycotts were responsible for Japanese military moves. The purpose of the pamphlet was to show the connivance of the Kuomintang and the National Government as well as the Chambers of commerce in the boycott movement. In this regard much convincing evidence was presented indicating official connivance in the anti-Japanese movement, but as indicated previously the arguments presented by the Japanese Chamber of Commerce will not carry much weight abroad due to the knowledge that Chinese boycotts are a result rather than a cause of foreign aggression. The Chinese boycott movement would quickly die out if the Japanese authorities would remove the cause, but since there appears to be no immediate prospect of the Japanese war-lords removing the obvious cause of Chinese animosities, the prospects for peace and the revival of normal trade do not appear bright—rather the contrary.

SHANGHAI-HANGCHOW HIGHWAY FORMALLY OPENED

THE formal opening of the 135-mile Shanghai-Hangchow highway took place on Monday October 10—the 21st anniversary of the founding of the Chinese Republic. Mrs. Tung Siu-keh, wife of the Commissioner of Reconstruction of Chekiang Province, cut the ribbon which had been stretched across the road and declared the road officially opened. The ceremonies of the day were under the direction of T. W. Kwoh, secretary of the Ministry of Finance. Associated with him in the official opening were Ching Tun, Director of the National Economic Council and Political Vice-Minister of Finance; Tung Siu-keh, Commissioner of Reconstruction of Chekiang Province; Mayor Wu Teh-chen, of the Municipality of Greater Shanghai; and M. S. Okecki, road-building expert of the Communications Section of the League of Nations. Over five hundred foreign and Chinese guests were present in addition to hundreds of Chinese from the surrounding districts. Ching Fun, Director of the National Economic Council in a short speech gave a history of the manner in which the building of the new highway had been financed. He paid a special tribute to the assistance rendered by foreign advisors. Tung Siu-keh, Commissioner of Reconstruction for Chekiang Province, in his speech stressed the point that the licenses issued by the Municipality of Greater Shanghai will be recognized in Hangchow and at other points along the new highway. This had been agreed upon at a conference of the various provincial authorities.

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The completion of this highway marks one of the most important phases of road construction in this area and enables motorists to travel by road from Shanghai to Nanking, after making connections with the Hangchow-Nanking section of the highway, which was completed some time ago. Needless to add, the event is hailed with great delight by the various motor car salesmen established here.

The new highway has been constructed under the auspices of the National Economic Council of which T. V. Soong is Vice-Chairman. The Council has created a Road Fund of one million dollars for the purpose of highway construction in the country, and from this fund loans are made to the authorities responsible in the different Provinces and Municipalities. Its Highway Department is manned by a staff of competent Chinese engineers, who collaborate in the different provinces in an advisory capacity with the Provincial and Municipal engineers actually constructing the road. When completed, the present scheme will link up 250 miles of completed roads with Shanghai, and an additional 200 miles are under construction. The type of road being constructed is an inexpensive one, suitable to the country, and is intended for commercial traffic—not a "luxury" road. With reasonable maintenance the present road will serve the needs of motor traffic for the present. In the course of time a higher type of road is to be built.

Close co-operation between the various Provincial and Municipal authorities concerned, under the aegis of the National Economic Council, has resulted in the completion of this new highway. Engineering obstacles have been surmounted; technical and administrative difficulties have been overcome, and as stated above the highway was officially opened to traffic, October 10. The new road has a width of 8 yards of proper roadbed and a little over three yards of paving. The Shanghai-Minghong stretch has a roadbed width of almost 10 yards and a paved width of over six yards. The future widening of the entire road with more than five yards paving will be undertaken when traffic increases.

Parts of the new road—such as the Shanghai-Minghong, Minghong-Nanchiao, Hangchow-Haining sections—have been in existence for some time and omnibus routes have been in operation. The only road toll now in existence is at Minghong, where the motor omnibus company levies a toll on all commercial vehicles, including hired cars. At Minghong Ferry, too, a toll is levied by the Administration of the Kiangsu Reconstruction Department on all commercial vehicles, including hired cars. As mentioned above, private passenger cars and motor cycles using the road and ferry service are exempt from paying tolls; and from January 1 next all tolls on all vehicles will be abolished.

JAPAN ON VERGE OF POLITICAL CRISIS BECAUSE OF FINANCIAL SITUATION

THE difficulties of Mr. Takahashi, the Japanese Minister of Finance, are daily increasing because of the stupendous task which he has before him of raising the enormous sums which are required by the various departments of the Japanese Government, particularly the Army and Navy. There are hints that he will resign before the forthcoming ordinary session of the Diet. Admiral Saito and other Ministers are quoted in the Japanese newspapers as saying that they "cannot free themselves from the apprehension that Mr. Takahashi's health is too weak to stand the strain of heavy duties during a session which will last three months,"—which is another way of saying that they do not see eye to eye with him in his policy of opposing further increases in the rate of taxation, and incidentally insisting on the various departments reducing their demands. The Navy Ministry has submitted an estimate to the Finance Ministry asking for appropriation of Yen 550,000,000, for the 1933-34 fiscal year—almost triple that now current. In addition to the normal expense of Yen 200,000,000 for operation and maintenance, the Navy is asking Yen 270,000,000 for improvement and replacement of armaments and about Yen 75,000,000 for the costs of the Manchurian and Shanghai expeditions. Japanese Navy leaders hold that the present situation makes inclusion of all the items covered by the Yen 270,000,000 figure absolutely indispensable and are reported to be prepared to insist for a complete approval. This figure covers improvement and replacement of arms, increases and improvements to the air force and maintenance of the larger force which is to result.

The indications are that the new appropriations for the next fiscal year, requested by all the Government departments, may reach a billion Yen. The bulk of such requirements is the budget for the Army and the Navy. The Army

and Navy are advocating that heavier taxes should be imposed on the varions incomes of the wealthier classes, but Finance Minister Takahashi is opposing any further increase in the rate of taxation as he fears the breaking point has been reached. As was foreshadowed in an interview with Mr. Takahashi, the Finance Minister, reprinted from the *Asahi* in *The Review* of Oct. 1. the new budget will likely exceed the two billion mark.

The Finance Department, under the direction of Mr. Takahashi, is expected to apply the pruning knife drastically to the various demands being made. It is predicted that his line of policy will be as follows:—

1.—The emergency relief measures to be drawn up on a three-year program, as originally decided, notwithstanding the resolution adopted by the House of Representatives at the recent session that they should be converted into a two-year program.

2.—The war expenditure to be considered separately from other items of expenditure, and such items only as are deemed imperative to be accepted.

3.—The restoration of official salaries to the former scale not to be considered.

4.—All the items of new expenditure with no bearing on the emergency relief measures and on the war expenditure to be rejected.

A *United Press* telegram from Tokyo Oct. 10 reported that a political crisis may develop at any moment in Japan owing to the seriousness of the financial situation. The budget has been increased far beyond expectations because of the unforeseen expenses of the Japanese army of occupation in Manchuria and the necessity of fighting Japan's claims at Geneva. The Ministry of Finance is opposed to any new taxes except possibly on luxuries. The present indications are that the controversy that is raging in various factions of the Japanese government as to whether the money that is so urgently required is to be raised by increased taxation or loans will be settled by the very obvious necessity of adopting both methods.

The state of Japan's finances is being studied closely in London financial circles. *The Financial News*, in an editorial September 30 pointed out that British bondholders' anxiety is likely to result from intransigeance in Tokyo. In the course of a carefully balanced review, this prominent British financial newspaper quoted figures showing that Japan's economic position is far from good. The *News* continued: "The pressure of taxation is serious, and a point may arise where the country will begin to demand the suspension of foreign debt service to relieve the home budget." The article concluded by saying that the usual economic indicators display signs of both reassurance and warning, with warning on the whole predominating.

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The economic pressure in the Island Empire is becoming more serious daily. Owing to this fact the Japanese government has appointed a special committee of 30 officials to help all Japanese who desire to emigrate to Manchuria, Brazil or any of the countries where there are already Japanese settlements. The newly appointed officials will work under the Ministry of Overseas Affairs. Prospective emigrants are being educated on how to maintain health, establish good sanitary conditions and set up an enjoyable social life in their new homes. They will be encouraged to establish schools for their children and will be assisted to this end. Some of this emigration doubtless also has imperialistic designs. For instance, a recent Japanese message from Mukden stated that four hundred odd Japanese colonists who were about to settle along the Lower Sungari district in Manchuria—on the Soviet border, it is to be noted—were equipped with arms. The members of the immigration party before leaving Mukden first paid homage to the Shrine in that city, then received instructions from the Japanese Ambassador General Muto, and later started for their destination.

CHINA IN THROES OF THREE PROVINCIAL CIVIL WARS

IT IS a truly amazing situation that while Chinese Volunteers in Manchuria are making heroic efforts to thwart the Japanese in their permanent occupation of that large area, their exploits meanwhile being the subject of encomiums from Chinese in all parts of the country and also abroad, in China itself three separate areas are being torn with civil wars of a truly serious character. As a result of the contest being waged in eastern Shantung between General Han Fu-chu, provincial chairman, and General Liu Chien-nien, commander of the Chefoo area, the farming areas in large parts of that province are being laid waste. The farmers during this year had the good fortune to have the first good crops since the civil wars of 1928 and 1929, and once again their homesteads are being devastated, their crops destroyed, their granaries looted, and their households violated. In some cases entire villages are burned by troops from one side or the other or by marauding bands claiming to be adherents of this or that faction. Incidentally it may be mentioned that the region being devastated is one of the principal sources of Chinese embroidery and lace products. The distraught populace has been brought to such straits that it recently sent an appeal to the Nanking government urging the latter to declare itself either for one side or the other in order to bring the reign of terror to an end. In the alternative the Shantung citizenry appealed to Nanking to dispatch a force of 10,000 men to the province to take charge of the situation, which is without parallel in the history of the province. The Nanking government as represented by the Central Military Affairs Commission, has so far, however, contented itself with dispatching instructions to General Han Fu-chu and Liu Chen-nien calling on them to stop further clashes immediately—to which they have paid no attention whatever. In the meantime General Chiang Kai-shek has sent two representatives of the Ministry of War, Generals Li Yueh and Fan Fu-hsiang to Shantung to make an investigation on the spot. Chefoo has so far remained quiet. The city is overcrowded with refugees from the interior. Chinese naval units were landed in the port latter part of last week and a number of foreign warships are anchored in the harbor. The American Consul at Chefoo has again urged the missionaries in Penglai and Hwangshien to withdraw to Chefoo. A tense situation exists in the Chefoo neighborhood generally. A recent incident several miles outside of Chefoo gave rise to (erroneous) reports in Chinese circles that American naval officers were taking sides in the Shantung civil war. What happened was that a party of Americans, including a naval officer, were out duck-shooting, when they were suddenly surrounded by

a small contingent of General Liu's troops. The soldiers started operations by forcibly taking the shotguns from the Americans. As a result of parleys, the Chinese gunboy accompanying the party acting as interpreter, the guns were later handed back to the Americans and they returned to Chefoo. One of the incidentals to the fighting in Shantung was that Chinese soldiers looted and occupied the Southern Baptist mission at Laichow. A protest has been lodged with the Chinese Government at Nanking concerning the incident.

Reuter's correspondent at Chefoo recently wired that General Han Fu-chu has proposed to the Nanking Government that General Liu Chennien be permitted to retain the following areas: Wentung, Tsihsia, Laiyang, Jungching and Fushan, but excluding Chefoo, also that General Liu must revert to the rank of divisional commander and be divorced from all political and civil authority. The Central Government was reported to have counter-proposed to give to General Liu, Wentung, Hwanghsien, Tsihsia, Laiyang, Jungching and Fushan, including Chefoo. If the Nanking proposal were adopted it would mean a loss to General Liu of only the least important districts, namely, Yihhsien, Pingtu, Penglai, Chao-Yuan, Haiyang and Sahho, but he would retain Hwanghsien and Chefoo, which are the wealthiest districts. One of the incidentals of the Shantung outbreak has been to focus attention on Marshal Feng Yu-hsiang, more often formerly than now referred to as the "Christian General." General Feng for some time past had been in retirement in the sacred mountain of Taishan, from which he suddenly departed October 8. He later showed up at Kalgan, where his former subordinate, General Sung Cheh-yuan is chairman of Charhar province. The probable explanation of General Feng's removal is that he was compelled to leave Shantung by General Han Fu-chu. One report stated that General Han had contributed $20,000 to Marshal Feng's traveling expenses. The principal military event of the week occurred when part of General Liu Chen-nien's forces stationed at Laiyang under the subordinate general Ho Yi-shan, broke through the lines of General Han. General Ho's men were reported to be advancing westward towards Laichow, apparently to link up with General Liu Chen-nien, who is in that vicinity. Laiyang is a town about 50 miles South of Chefoo, while Laichow is roughly 50 miles west of Laiyang.

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The far western province of Szechuen is also in the throes of another civil war. A recent compilation showed that there have been more than four hundred outbreaks in said province since the Revolution in 1911. The rival generals in Szechuen both bear the surname Liu, one being General Liu Wen-hui and the other General Liu Hsiang. Fighting broke out on an extended front between Kinangtsin and Wushan latter part of last week. The situation in Szechuen is complicated by the situation in Tibet, where the rivalry which has existed for many years between the Dalai Lama and the Panshen Lama has recently taken on a new turn. A revolution against the authority of the Dalai Lama broke out in Tibet last week and in the meantime the Panshen Lama is in Peiping offering up prayers for peace. Incidentally also the civil war in Szechuen has been taken adavantage of by the Tibetans to cross the Szechuen border and at last reports fighting was going on between the Tibetans and Szechuenese along the Ahinshakiang, a tributary of the Yangtsze River. A recent telegram from Nanking stated that the Central Government contemplated appointing Messrs. Tai Chi-tao, Chang Chun and Shih Ching-yang as special commissioners to investigate the Szechuen situation and to effect a settlement of the present dispute between the two Lins. In the meantime, the Ministry of War has received messages from the two contending parties, each charging the other with provocative actions. Both sides claim that troops of the other party have opened fire upon their sentries and that feverish war preparations are in progress. In a telegram to General Chiang Kai-shek, General Liu Wen-hui, the chairman of the Szechuan Provincial Government, declared that he is fully in accord with General Chiang that the Szechuen situation can not be satisfactorily solved through military means. General Liu Wen-hui declares that he is well aware of the gravity of the national crisis and is therefore as anxious as General Chiang to avoid further internecine strife. He claims that although General Liu Hsiang's troops are extremely provocative in their attitude, he has been and is trying his best to avert any clash. He assures General Chiang that he will adhere to this policy of patience and forbearance. Concluding, he urges General Chiang to take immediate steps for a solution of the present imbroglio in Szechuen—but nevertheless the indications are that the two Lius will keep on fighting each other.

The telegrams as they come in from Szechuen indicate that the situation there is getting worse daily. Both of the contending generals are stated to have something like 100,000 armed men under them and both are ambitious to add to their power. According to a military telegram received in Nanking at the beginning of the week approximately a thousand men and 5 regimental and battalion officers were killed in a fierce fight on October 6 and 7. The message stated that General Lo Cheh-chow, commanding four regiments and General Li Chia-yu, commanding eight regiments, attacked Shunchin on the night of October 6 and troops under General Liu Wen-hui counter-attacked the following day, when the two former generals and their allied forces were defeated with heavy losses. General Liu Wen-hui is said to favor Wang Ching-wei's faction and to be against General Chiang Kai-shek, while General Liu Hsiang is stated to be loyal to the Generalissimo. The present clash is the sequel to the seizure at Chungking of $3,000,000 worth of arms purchased by Gen. Liu Wen-hui. Since then the two armies have been confronting each other.

Dispatches received in Shanghai October 11 indicated that a civil war is also about to break out in the province of Yunnan, where student troubles have developed. General Mao Kwanghsiang, who was ousted some time ago, is stated to be staging a come-back against Gsneral Wong Chah-lih, chairman and director of the civil affairs department of the province. General Mao has been catering to the anti-Japanese agitations which have been carried on by the students there and has thus built up a popular following.

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In the province of Fukien, where the famous 19th Route Army which opposed the Japanese in the Shanghai area at the beginning of the year, is stationed, ostensibly to fight the communists and bandits, an uprising was started by General Chen Kuo-hui, Commander of the First Brigade end of last week. On orders from General Chiang Kwang-nai, he was detained, and later reports stated that he had been summarily executed. The Nineteenth Route Army, which it is to be remembered, is Cantonese, is reported to have taken up its positions in anticipation of major fighting.

According to semi-official reports transmitted from Canton the military situation in Fukien has become extremely tense as the provincial commanders, including Generals Ho Hsien-tso and Lu Hsin-peng, have made known their intention to resist the Cantonese troops. The attitude of General Chen Hui-yuan, commander of the 4th Mixed Brigade, is stated to be obscure, he having tendered his resignation following the arrest of General Chen Kuo-hui by order of the 19th Route Army commander.

It is reported at Canton that the Third Provincial Mixed Brigade under General Ho Hsien-tso has erected elaborate defence works along the coast from Tungsha to Fengting. The provincial forces are at present concentrating at Tungsha, Fengting, Siaochi, Chinkiang, Hsienyu, Sisiang, Ahling, and Lunghua. The Fukienese troops are said to have established their first defence line at Fengting, second line at Shachi, Miaotang and Sisiang and their third line at Lunghua and Yingwai.

Lin Sen, the aged Chairman of the National Government, who is a present in Foochow, is attempting to arrange for a peaceful settlement of the embroglio. Part of the trouble is evidently due to the opposition of the local Fukienese to the reorganization of the Fukien provincial Government with Chiang Kwang-nai as the chairman.

SHANGHAI GERMANS BECOME VOCAL AGAIN

IN sharp distinction to Tientsin where a successful German daily newspaper, the *Deutsch-Chinesische Nachrichten*, has been published for many years, the German community in Shanghai ever since the European War has entirely depended on English language newspapers for its information and the expression of its views. The general attitude of the German community here, and this was particularly true of the leading merchants, was that because of the fact that Germans had lost their extraterritoriality, and also for other reasons, it was in the best interests of the German community not to support any newspaper, but to have each German apply himself individually to the furtherance of his business connections and take no interest in politics, or at least not to make that interest prominent. In this connection it may be mentioned that the Russian community, which is also without extraterritorial rights, has always maintained its interests in political affairs, and supports several daily newspapers of varying political affiliations. During the past month, however, there has been a decided change in the attitude of the German community here as regards publicity in their own language, or at any rate a determined effort is being made by German literary men to establish German organs here. Almost simultaneously there have been started in Shanghai a German daily newspaper and a German semi-monthly journal, both of a high literary quality. As far as surface indications go it is the semi-monthly publication and not the daily newspaper that is getting the principal German support. The advertisements in the daily newspaper are mostly from non-German firms, whereas the semi-monthly journal contains large advertisements from all the leading German business firms, steamship agents, etc. There are rumors that still a further German publication is to enter the field, so that the German community in Shanghai, which has been practically voiceless during the past 18 years, is apparently going to make itself heard once more in the same sonorous way that it did in pre-War days when the venerable Herr Finck most ably edited the *Ostasiatische Lloyd*, the publication of which was suspended shortly after the outbreak of the European war. In pre-War days also the Germans had a very considerable interest in the British-owned evening newspaper, the *Shanghai Mercury*, a partnership which naturally dissolved when the guns began to roar in 1914. The *Mercury* then passed into Japanese control, but after sinking more than a hundred thousand yen in the venture they lost their interest in the paper, which finally was merged with the American owned *Evening Post and Mercury*. Herr Finck, it may be mentioned, was not a German but an Austrian, and at last reports was still wielding a slashing pen in his native land.

CHINESE VOLUNTEERS HOLD JAPANESE AS HOSTAGES AT MANCHULI

THE outstanding feature of the week as regards the situation in Manchuria was the information given in a telegram from Tokyo that no fewer than 310 Japanese are being held under detention on the western section of the Chinese Eastern Railway, which stretches from Harbin to Manchuli, on the Sino-Russian frontier. Their captors are stated to be troops under the command of General Su Ping-wen, the commander of the railway guards, who recently definitely joined the anti-Manchukuo forces. The arrested Japanese are being held at Manchuli, Dalainor, Hailar and other places along the western section of the railway. The telegrams do not make it quite clear, but it is apparent that most of these Japanese captives are civilians, although there was one report that some 70 of the Japanese who are held at Manchuli were so-called Manchukuo customs guards, but actually were Japanese soldiers dressed in Manchukuo uniforms. It therefore means that the Japanese civilians in western Manchuria find themselves in the same plight that thousands of civilian Chinese did in Shanghai during the Japanese onslaught last winter, namely that civilians are being held as hostages by the military authorities pending developments.

In addition to the Japanese subjects who are held by the Chinese forces, the Japanese consulate in the city of Manchuli has 178 refugees on its premises, which the Japanese consular authorities are doing their best to feed with the limited

supplies on hand. The Volunteer troops of North Manchuria were still in possession of the city of Manchuli on October 11, at which time the Japanese consulate was surrounded by the Chinese troops. The anti-Manchukuo Volunteer forces in that area have also taken more than 100 Chinese officials into custody who were holding office under the Japanese-controlled Manchukuo regime. Chinese Volunteers were also concentrated in large bodies in the vicinity of Antachan, 60 miles west of Harbin, thus shutting off railway communication to the west. Telegraphic communication with Tsitsihar was restored October 11.

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Reports of outbreaks in various parts of north Manchuria came in during the week, as in previous weeks, in such profusion as to make their recital somewhat monotonous. The Japanese Army according to a telegram from Mukden, October 11, was about to launch the largest drive undertaken by it since the movement against General Ma Chan-san in northern Manchuria. The Japanese claimed to have killed 46 Chinese irregulars south of Hailun on October 10 when the Kawamoto cavalry encountered a band of 500 Volunteers.

The Japanese recently made a survey of the Tungpientao district, starting from the left bank of the Yalu River to the north-west and east of the Antung-Mukden Railway, extending along the Changpei Mountain Range. The District comprises 14 prefectures, namely, Huinan, Hailung, Fushun, Penchihu, Fengwangcheng, Antung, Huangtien, Hengjen, Chian, Tunghua, Linkiang, Chinchuna, Chinyuan and Hsingkiang. It is a mountainous region and according to the Japanese the total number of bandits and troop-bandits infesting the district is estimated at about 30,000. Most of them belong to the Big-Sword Corps, Chinese troops of the old regime and some are from the old bureau of public safety. The Japanese survey was made as the prelude to an intensive drive.

A telegram from Peiping, October 8, stated that the Heilungkiang National Salvation Army had crossed the Nonni River and was proceeding eastwards to effect junction with the Heilungkiang troops under General Ma Chan-shan, Chairman of the Heilungkiang Provincial Government. General Chang Tien-kiu, Vice-Commander-in-Chief of the National Salvation Army, was personally directing the campaign at the front. He has established his headquarters at Chalantun (Yalu), on the western section of the Chinese Eastern Railway.

A curious incidental to the Japanese operations in Manchuria is that nine Japanese army airplanes passed through Korea on October 9 enroute to Manchuria on what the Japanese telegrams call a "good will" flight. Just how these army airplanes are to spread the good will is not stated, but a few days previously a telegram from Peiping reported that one of three Japanese planes that had been flying over Koupeiyingtse, Nanling and Ihsien, on the Chinchow-Chaoyang branch railway, had to make a forced landing at Peisantuitse, north of Ishien, on account of engine trouble, and as a result it was burnt by the Volunteers, who also kidnapped the three Japanese pilots. The same telegram reported that more than 1,300 Mongolian cavalry units had reached the vicinity of Chaoyangshih (temple) where they have had established contact with the Volunteers under Wen Yo-yueh. An attack on Chaoyangshih was about to be staged.

One of the inevitable results of all the fighting that is going on is that the countryside is being devastated and normal life among the citizenry is impossible. In addition to the activities of the Volunteers, whose operations are to a great extent influenced by patriotism, there are numerous bands of kidnappers prowling around the country, whose only object is to secure ransom money. Numerous incidents of kidnapping, not only of Chinese but of Russians, come from Harbin. In one instance the kidnappers invaded a school while it was in session and carried off the two sons of a wealthy Chinese resident. It frequently occurs that when ranson money is not forthcoming rapidly enough the kidnappers send a chopped-off ear as a reminder. A Russian cattle dealer was kidnapped near Harbin on a recent morning.

Chiang Kai-shek Gives Captured Reds Short Shrift

Three methods for the disposal of "Red" captives have been formulated by General Chiang Kai-shek, commander-in-chief of the Honan-Hupeh-Anhwei Bandit-suppression Forces, according to a recent *Kuo Min* message from Hankow. The captives are either to be shot or placed under surveillance, or to serve as hired labor behind the front lines. According to the measures, captives are to be divided into three classes and dealt with as above-mentioned. Confirmed "Red" leaders against whom clear incriminating evidence has been obtained and who are convicted after due trial, will be executed. Others who can obtain guarantees from three elders of their clan or village certifying that they were coerced into joining the "Reds" will be placed under surveillance by the local authorities. Still others, who are willing to turn over a new leaf but who can obtain no such guarantees, will be organized into squads and assigned to areas behind the front lines as hired laborers. It is learnt that General Chiang has issued strict orders that under no circumstances should the "Reds" be recruited to fill the ranks of the regular army units.

Rewards for the Soldiers

General Ho Cheng-chun, Director of the Hankow Pacification Headquarters, proceeded to Yanghsin, southern Hupeh, during the week, to inspect conditions in the city, where rehabilitation measures are being instituted. He took with him the sum of $20,000 awarded by General Chiang Kai-shek to the various Bandit-suppression units in southern Hupeh who, through their strenuous efforts, have succeeded in capturing the "Red" strongholds at Lungkang and Yenhsia.

According to a report of General Hsiao Chih-chu, Commander of the 44th Division, the bandits under the notorious Ho Lung are fleeing to Kuanchuangtien with one Government brigade in hot pursuit. General Hsiao has despatched two brigades to prevent them from crossing the River.

Scattered bands of outlaws, remnants of those recently defeated at Chinchiachai on the Anhwei-Honan border, have invaded eastern Hupeh. Units of the 1st Division under General Hu Tsung-nan, the 47th Division under General Shangkuan Yun-hsiang, the 54th Division under General Hao Meng-lin and the 13th Division under General Wan Yao-huang are cooperating in hunting down these remnants.

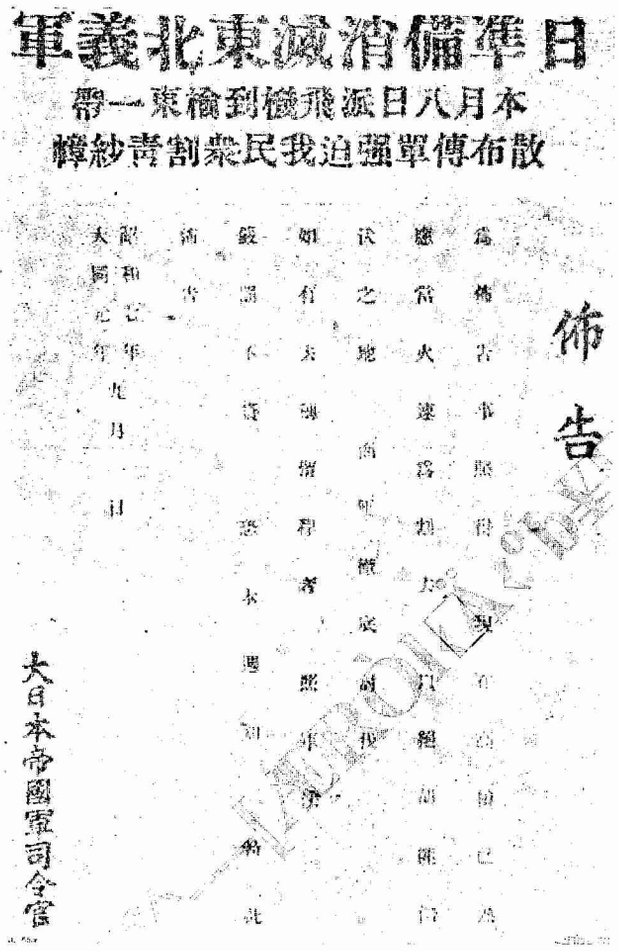
The 4th Division under General Hsu Ting-yao has gradually cleared the Chinchiachai region, of the remnant "Red" outlaws. As the refugees returning to their homes are in a pitiful condition, many of them having neither food nor clothing, the Headquarters of the 4th Division has provided them emergency relief.

Tawangtung, a "Red" stronghold at Chungyi, southwestern Kiangsi, has been captured by the 1st Kwangtung Division under General Li Chen-chiu, according to a telegram from General Yu Han-mou, Commander of the 1st Kwangtung Army.

Gen. Muto Prepares for Complete Re-Conquest of Manchuria

THE reply of the Imperial Japanese War Department to the League Commission's peace recommendations, apparently has been to make preparations for the complete re-conquest of Manchuria—an obvious necessity due to the fact that the so-called bandits and volunteers in recent months have gradually pushed the Japanese back until the territory they actually hold at the present is only about half what it was last spring.

The rebellion of Gen. Su Ping-wen on the western end of the Chinese Eastern Railway at Manchuli on Sept. 27, and later extended almost to the environs of Harbin, has practically



Millions of leaflets similar to the above photographic reproduction were scattered over the countryside in Manchuria by Japanese military airplanes. The leaflets, which are referred to in the accompanying article warn the farmers to cut their kaoliang crops so the standing stalks will not serve as hiding places for bandits.

destroyed Japanese military authority in Heilungkiang province with the exception of Tsitsihar, capital of the province, and Harbin, commercial metropolis where the Japanese still maintain strong garrisons. As for the 500-mile eastern branch of the C. E. R. it never was pacified by the Japanese military and is now more firmly held by the Chinese loyalists than ever before. The Soviet-owned and previously operated C. E. R. is therefore almost complete controlled by the Chinese loyalists and traffic between Harbin and the Soviet border entirely cut off in two directions. And in addition the banditry situation along the southern branch which connects Harbin and Changchun has become so serious that trains only are operated in the day-time and under heavy Japanese guard. Conditions along the Chinese railway which extends southward from Tsitsihar through Anganchi and Taonan to Ssupingkai on the Japanese owned and operated South Manchuria line are no better, hence there is a possibility the Japanese may be compelled to withdraw their garrison from Tsitsihar altogether, particularly in view of the recent strengthening and reorganization of the Chinese loyalist forces.

As to conditions along the other railways, particularly the S. M. R. line and the British-financed Peiping-Mukden line, Japanese military authority has almost completely broken down except in the larger towns where large garrisons are stationed. On all these lines trains are only operated in the day-time and traffic almost completely restricted to troops and military supplies. The daily reports regarding conditions in the Newchwang area where the two Britons, Mrs. Muriel Pawley and Charles Cockran, are being held captive by bandits is apparently typical of the entire area in South Manchuria which previously was regarded as the most peaceful area in the entire territory. The outstanding element in the Manchurian situation seems to be that the Chinese armed forces, including the so-called bandits, volunteers and partisans have completely lost their fear of the Imperial Japanese forces and are harassing them on all sides, the Chinese having learned through experience the weak points in the Japanese defence. The vast quantities of modern Japanese war paraphernalia including tanks, heavy artillery and air-bombers are thus rendered practically useless against the small mobile Chinese guerilla bands armed only with rifles and machine-guns.

It is this highly dangerous situation which threatens to become worse as winter begins which has inspired Gen. Muto, commander-in-chief of the Japanese forces to make preparations for a fresh conquest of Manchuria, No complete announcement of the plans of the Tokyo General Staff in this connection has been made but sufficient has appeared in the Japanese newspapers and official press services to indicate the far-reaching extent of the forthcoming campaign. In the first place Japanese military airplanes for several weeks have been engaged in distributing circulars over the Manchurian countryside warning the Manchurian farmers about the early harvesting of their kaoliang crops. Kaoliang, it should be explained is a species of millet or broom-corn with the seed at the top which grows to a height of eight or ten feet, sufficient to hide a small army. One of the leaflets which the Japanese military planes have been distributing over the Manchurian countryside is reproduced herewith. The original was handed out by one of the Japanese military intelligence officers at a recent press conference in Mukden. The Chinese text on the leaflet reads as follows:

"Notice—The Kaoliang crop is now ripe for harvesting. The farmers are warned to cut the crop immediately in order to prevent the fields from being used as hiding places for bandits. In case the farmers only cut off the grain at the top and leave the stalks standing, they will be severely punished.

Mukden, Sept. 1, 1932. By Order of the Headquarters Imperial Japanese Army.

Thus has the Military Headquarters of Gen. Muto, commander-in-chief of the Imperial Japanese Army instructed the Chinese peasant farmers in Manchuria as to the proper harvesting of their crops, which famous order is almost as notable as the one which Gen. Muto's predecessor, Gen. Honjo, issued last spring which forbade the Chinese farmers from planting kaoliang within a certain distance of the tracks of the various Manchurian railways, the Japanese war-lords apparently realizing that the kaoliang crop would facilitate the activities of the Chinese loyalists and in which regard they were entirely correct for the activities of the Chinese loyalists did increase during the summer and has kept on increasing in geometric progression since.

Then we read in a *Rengo* report from Mukden, dated Sept. 30, that Gen. Muto has been engaged in the organization of a so-called new army which will be known as the "Righteous Corps," composed of some 10,000 members, "recruited from the lower classes of Chinese and Koreans," presumably refugees who have been forced out of work by adverse economic conditions now prevailing in Manchuria. All officers from the lower grades up will be Japanese reservists. This new army, according to the report, will be financed from the Manchukuo treasury and will be used as the vanguard in the forthcoming anti-bandit campaign. The report also stated that in accordance with the terms of the recently signed Japan-Manchuko military protocol, additional Japaneses troops are being rushed to Manchuria for stationing at strategic points.

Of further significance indicative of the far-reaching nature of Japanese military plans was a report in the Tokyo newspaper *Hochi* which stated that the Tokyo General Staff had decided to introduce into Manchuria a system of registration which had previously been used in subjugating the savages and head-hunters in the island of Formosa. This system is known by the Japanese word *hoko* which means literally "ten times ten households." In accordance with this system a census is to be taken and all residents card-indexed and possibly photographed and finger-printed. Then the communities are to be organized into groups consisting of 100 families or ten groups of ten families each. Each group of ten households is to have one representative or "head-man" who will be held responsible by the Japanese authorities for the good conduct of others in his group. Each head-man will be required to make regular reports to the Japanese (or Manchukuo) authorities regarding new people coming into the various districts or villages, it being hoped that this system will lead to the detection of criminals or political disturbers. Nothing was said regarding the time which the Japanese expected would be required to install the *hoko* system throughout Manchuria, a territory equivalent in area to eight or nine middlewestern states of the American Union and containing a population approximating 30,000,000.

None of the Japanese newspapers have made any recent mention of military plans with regard to the conquest of Jehol, but a *Reuter* message from Peiping on Oct. 10 stated that two Japanese military planes recently flew over the town of Peipiao, the provincial capital, and distributed leaflets reading as follows: "There are too many volunteers in Jehol and their presence can only molest the people. If the Jehol population will obey Japan, the Imperial Japanese Army will do its best to protect them." Similar leaflets were distributed over Chaoyang and other towns in the southern part of the province.

A further *Rengo* report on Oct. 11 told of recent plans formulated by Gen. Muto for two extensive military campaigns, one directed at the loyalists under Gen. Su Ping-wen on the western branch of the C. E. R. and the other directed at the extensive district extending northward from the Yalu river on the Korean border to Mukden. The latter district has a population of some 200,000 Koreans and according to the Japanese report now harbors some 40,000 Chinese soldiers, bandits, big-sword corps and volunteers. Also there was a report from Harbin stating the Japanese are arming several hundred reservists who are being sent down the Sungari river from Harbin in the direction of the Soviet border.

Manchurian Intrigue and Tension Extend Around the World!

PUBLICATION of the Lytton Commission's report on the Manchurian crisis appears to have accentuated rather than decreased international tension and intrigue on this subject if one would believe the news reports brought to Shanghai by American, British, French, German and Japanese news services. Two weeks ago *The Review* referred to these various reports under the heading, "Is the World Getting Ready for a Far Eastern War?" in which connection the statement appeared that "the war danger is no longer a purely academic matter." That this hypothesis is a correct one is borne out by more recent reports, the only unsettled question being the uncertainly as to the possible line-up in the forthcoming Far Eastern "war." The situation is not entirely without its humorous elements because reports from Moscow and Berlin would lead one to believe that America and Japan are to be the chief adversaries while reports from the United States suggest the impression that the fighting is to be between Japan and Soviet Russia. Reports along these lines are so persistent as to suggest the possibility of the harboring of a desire in certain quarters of the world that if there is to be another war that the "other-fellow" will do the fighting. The Russians undoubtedly would not shed any tears if the "capitalistic" Americans and Japanese should become involved in a disastrous struggle that would result in putting the finishing touches to the already badly ham-strung private capitalistic system, while on the other

hand there would be no shedding of tears in certain high places in Washington and Wall Street if Japan and Russia would have a war because it might result in the overthrow of Russian communism and Japanese militarism at one and the same time.

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The German *Transocean* service on October 7 issued a further prediction of possible trouble between Japan and the United States, the article being based on extracts from Soviet newspapers, one being the *Krasnaya Svesda,* or Red Army organ published in Moscow. The writer of the article in the Soviet army journal insisted that Japan's recognition of Manchukuo had added further strain to the relations of Japan and America and this in turn had prompted the United States to seek allies in Europe with the object of further isolating Japan. "But aside from the diplomatic manouvers," declared the Moscow paper, "there is further evidence of the growing estrangement of the two countries in the concentration of the U. S. Navy in Pacific waters and the decision of the War and Navy Departments "to strengthen and extend the fortifications of the Hawaiian Islands, especially Pearl Harbor." Also, it was stated that Japan is making similar war-like preparations as evidenced in Japan's purchase of Soviet oil stocks in order to be independent of American supplies and in Japan's extensive purchases in Europe of heavy munitions and machinery for the manufacture of war-implements.

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Another Soviet newspaper, *Pravda,* in commenting on the same subject insisted that Japan and France "are linked together in an alliance which the American 'imperialists' are now trying to break up, while Great Britain also is tacitly supporting Japan in her militant attitude toward China and the United States because Britain is interested in the dismemberment of China." Reference to the possible existence of a Franco-Japanese alliance also appeared in a British *Reuter* report from London on October 9 which quoted the *Sunday Times* as alleging that Japan recently had made a "formal offer of an alliance to France....but the offer, after careful examination and consideration....was rejected." It was claimed that the French rejection of the Japanese offer was due to the recommendation of a "veteran French diplomat" who had expressed the opinion that the acceptance of such an offer from Japan would be highly dishonorable and a breach of faith with the other Powers while the Lytton Commission was investigating conditions in the Far East." Also it was alleged that there is in progress in France and elsewhere a lively controversy over the validity or otherwise of the Franco-Japanese Treaty of June 10, 1907 which bound France and Japan to respect the independence and integrity of China but which nevertheless recognized their respective interests in certain parts of China. For France the regions were Kwangtung, Kwangsi and Yunnan provinces in the south, while for Japan the regions were Manchuria and Mongolia in the north and Shantung and Fukien provinces on the seacoast.

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Further interesting reports bearing on the same subject of possible alliances appeared in the French *Havas,* British *Reuters,* and Japanese *Rengo* services on October 9 and 10. The *Reuter* message started out, "Can America, France and British frame a united Far Eastern policy?" The query was inspired by reports pertaining to the purpose of a visit to London and Paris by Norman Davis who allegedly was acting as Hoover's confidential agent. It was claimed that Mr. Davis had been sent to Paris and London with the object of sounding out French and British official opinion on the subjects of disarmament and world economics—and also Far Eastern affairs "in view of the forthcoming discussions on the Lytton report by the Assembly of the League of Nations." A dispatch by the *Havas* service dealing also with Mr. Davis' visit did not suggest the possibility of discussions on Far Eastern politics, but stated that Mr. Davis' object was to discuss with the French and British governments the matter of disarmament. It stated that President Hoover was anxious to obtain agreement on his recent proposal for a thirty percent reduction in world armament as an amplification of the agreements reached at Washington in 1922 and at London in 1930. There is, of course, vast significance in these reported discussions because they tend to link up the subject of disarmament with the Manchurian crisis, the situation being almost exactly similar to that which prevailed prior to the Washington Conference when it became necessary to consider Japanese military occupation of Shantung in connection with limitation of naval armament.

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Reports by the *United Press* and *Reuter* referring to the visits of American unofficial emissaries to Europe, however, do not indicate the bellicose attitude of the American government as alleged in the dispatches from Moscow and Berlin. Senator David A. Reed who returned to New York from Europe on October 10 admitted that he had been collecting information for President Hoover. He expressed the view that there were no indications that any European nation would recognize Manchukuo but denied any agreement with England and France in support of the American policy of non-recognition of territory acquired by force. He said that the League was facing a crisis over the Manchurian issue and did not hold out much hope for constructive action on the disarmament issue. He expressed the view that Europe would continue paying its debts to the United States despite much propaganda in favor of debt cancellation. Norman Davis, well known American banker, also in Europe on a mission for President Hoover, said that he was engaged on a dual mission—preparing for American participation in the proposed world economic conference and attempting to reconcile the Hoover disarmament proposals with the British Government's disarmament program. All of which indicates that debts, disarmament, economic recovery and the Manchurian issue may finally be lumped into one major conference for the "salvation of the world."

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Japan naturally is not remaining idle in the face of possible diplomatic developments in America and Europe, this fact being evidenced in reports from Tokyo indicating that a desperate effort is being made to patch up relations with

Soviet Russia. For many months the Japanese War Department scorned Russia's offer of a non-aggression treaty similar to the non-aggression treaties which Moscow has made with various European countries, but now it appears that Tokyo's war-lords may have experienced a change of heart. A message from Tokyo on October 9 stated that Pao Kuan-cheng, the Manchukuo "ambassador" in Tokyo had called on Mr. Troyansvsky, the Soviet Ambassador to Japan and had urged the conclusion of a non-aggressive pact between the Soviet Union, Japan and Manchukuo. According to reports which have appeared recently in the Japanese newspapers both the Japanese Government and the Manchukuo "puppet" state have been pressing Moscow for recognition, but Moscow's only response has been to refer to the previous abortive efforts of the Soviet foreign office to conclude a treaty of non-aggression with Japan. Japanese news agencies have suggested that the U. S. S. R. might be willing to extend recognition to Manchukuo if Japan and Manchukuo would sign a treaty of non-aggression with Russia. The fact that the official representative of Manchukuo is in Tokyo trying to mediate between Japan the U. S. S. R. is indicative of the nervousness which must prevail in Changchun, the puppet capital, as the date approaches for the League Assembly's consideration of the Lytton report. A recent report from Changchun stated that Manchukuo had again issued telegraphic appeals to the various nations requesting recognition, these appeals from the leaders of Manchukuo indicating that Changchun does not share the professed assurance of Tokyo officialdom on the recognition issue. In other words, while Foreign Minister Uchida and War Minister Araki announce almost daily that they intend to proceed on their chosen course irrespective of world opinion, the officials of Manchukuo, all of whom are Japanese appointees, are growing more and more apprehensive regarding their positions in the event Japan should be compelled to submit to world opinion.

In the meantime discussion waxes hot in Tokyo as to what should be done about the industrialization of Manchukuo. Acting on the proposition that Manchuria is Japan's "first line of defence" in the event of war with either Russia or America, the Tokyo War Department is pressing for the rapid development of "war" industries in South Manchuria including steel, aluminum, automotive and war-munition plants. But this program naturally conflicts with the ideas of Japanese industrialists who do not favor the development of competitive industries in Manchuria which would in the long run close that area as a market for factories located in Japan. A recent report in the *Osaka Mainichi* stated that Vice-Admiral Takuo Godo and Baron Chuzaburo Shiba, directors of the military-controlled South Manchuria Railway, had arrived in Tokyo with plans for immediate construction of the so-called Showa Steel Works, near Mukden, a proposed hundred-million yen subsidiary of the S. M. R. In this connection the significant statement appeared, "the Showa Steel works will try not to deal a serious blow to the steel industry of Japan." In some respects Japan is now facing a problem in regard to her Manchurian "colony" which is somewhat similar to that which Britain faced with respect to her colonies in New World prior to the American revolution. The commercial and financial leaders of England wished to maintain the American colonies as virgin undeveloped land in order that they might supply raw materials to factories in England, but other Britons who were primarily interested in the colonies desired an industrialization program in the colonies. The Japanese are now involved in a similar controversy, the War Department and Japanese industrialists primarily interested in Manchuria wishing to proceed with a grandiose plan of industrialization. But the Japanese industrialists at home do not see it this way as they wish to use Manchuria as a market for their home-manufactured products and as a field from which to draw needed raw materials for home factories. What the outcome is to be no one can say, but those interested in Manchukuo either as a "front line of defence" or as a field for industrialization, are proceeding without much regard for the apprehensions of those in the home land. A report from Mukden on October 8 stated that the Japanese who are interested in the development of industries in Manchuria have made preparations for the inauguration of a "Manchuria Hypothetic Bank" capitalized at Yen 40,000,000 which will foster the development of industries as well as engage in a general banking business. It was stated further that the bank will extend lower interest rates than Japanese home banks which have branches in Manchuria and in addition to its normal activities the new financial institution "will issue debentures on real-estate and foster lotteries."

In none of these newspaper discussions in Japan or America and Europe pertaining to the future of Manchuria has there been the slightest mention of China's possible reactions, the feelings of the Chinese people having apparently been entirely overlooked. If these reports correctly reflect the attitude of officialdom over the world, wishes of the Chinese people on the Manchurian issue apparently will not cut much ice at the forthcoming Geneva meeting. One Chinese report last week suggested the possibility that if the Lytton recommendations for an autonomous and demilitarized and internationalized Manchuria are carried out it would establish a precedent for applying similar methods to the rest of China. That the Japanese propagandists are renewing their contention that China does not constitute an organized state in the modern concept of the term was indicated in an official *Rengo* service dispatch from Tokyo dated October 5 which offered the following arguments that China is now in a worse condition than she was at the time of the Washington Conference a decade ago:

> 1—The rival generals, Han Fu-chu and Liu Chen-nien are continuing their warfare in Shantung despite the orders of the Central Government to cease such activities.
>
> 2—The southern part of Chinghai and the greater part of Sinkang have been occupied by a Tibetan army and instead of organizing to protect national territory, the Szechuenese militarists are engaging in a private war of their own.
>
> 3—Civil warfare has broken out Fukien province over the question of the chairmanship of the province.

4—The Central Government's campaign against the communists in Central China has made only slight progress in Hupeh province only.

5—The Central Government at Nanking is almost empty of high officials, most of them being engaged in secret political intrigue over the reconstruction of the Executive Yuan.

The Lytton Report Viewed Through Chinese Eyes

BY HOH CHIH-HSIANG

SINCE the publication of the official summary of the Lytton Report on Manchuria last week, a veritable deluge of mass opinion and comments has flooded the Chinese press. voicing both commendation and condemnation. While the Report as a whole is considered fair and judicious, the general tone of all the criticism is highly skeptical and disappointing. In assessing the value of the Report, the Chinese critics seem to be unanimous in the opinion that it amounts to nothing more than an international document and is not likely to have any great effect upon the real situation. The recommendations embodied in the Report are neither acceptable nor easy of application. While conclusions on the Report vary with different critics, some suggesting its complete rejection, others advocating a thorough-going and relentless economic boycott, still others favoring a punitive expedition against Manchukuo, the keynote to all these views is that ultimate remedy lies with China herself. The Report, fair as it is, represents a damaging proof of China's utter futility and failure in relying upon the League of Nations to save her from the present crisis.

Speaking dispassionately, the Report is commendable in many respects, but its shortcomings are so numerous as to outweigh its laudable points and almost renders the document both valueless and useless. Specifically, the Report is unanimously praised for its intelligent appraisal of the situation, its fair and truthful assessment of certain essential facts and its sincere efforts for peace. On the other hand, keen disappointment is expressed for its utter failure in upholding the international treaties by assessing responsibilities without adjudicating wrongs, its undue emphasis upon accomplished facts at the sacrifice of principles and justice, its intentional evasion or omission of consideration of the fundamental causes of the controversy, its unfounded charges on China and the Chinese Government and finally its various proposals concerning the liquidation of the embroglio and the institution of a new independent regime. The last-mentioned item drew particular fire from Chinese critics, as they consider that if the recommendation were carried into effect, they would not only tend to justify Japan's violation of Chinese territorial sovereignty, but actually confer upon her an absolutely unwaranted measure of vital rights, thereby virtually making Manchuria a common territorial possession of the two countries.

In contrasting its findings with its recommendations, the Report presents many contradictions and inconsistencies. On one hand, the Report evinces a great desire to preserve Chinese territorial sovereignty over the Three Eastern Provinces, while on the other, it openly recognises Japan's ill-gotton political and economic rights in the territory. Again, in one part, it definitely establishes the responsibility on Japan for the invasion of Manchuria, yet its conclusions absolve her from blame and try to legitimise her claims for sharing the Manchurian administration. Thirdly, while the Report does not regard as possible the restoration of *Status Quo Ante* in Manchuria, at the same time, it considers as equally unsatisfactory the present Manchukuo puppet regime and recommends the creation of a new autonomous administration against the wishes of the people. Such contradictions can hardly be reconciled and make the Report objectionable to both disputants.

However, in passing adverse remarks upon the document itself, the Chinese critics do not overlook the difficulties of the Commissioners themselves, but on the contrary, they express great appreciation for their painstaking efforts, their personal integrity, political sagacity and practical sense of statesmenship. All fair-minded people are keenly alive to the fact that the Commissioners were facing a very difficult and delicate task which, because of the widely divergent and irreconciliable claims of the disputants, could hardly be expected to be handled to the satisfaction of both. As the claims of one party could not be completely gratified without being uncompromisingly objected to by the other, the Commissioners under the stress of finding a formula of settlement resorted to the hopeless method of compromise which dissatisfies both. The actual situation confronting the Commissioners is: China demands unconditional restoration of Manchuria by virtue of right, while Japan wants to seize and occupy it by sheer force of arms. The Commission, in an attempt to temporise the claims of both, suggests China and Japan sharing it in common. In effect, China will gain a nominal sovereignty over the territory, while Japan reaps the real benefits with the League of Nations acquiring a share of control through the placing of foreign advisors. Thus, the whole plan is a haphazard compromise improvised to meet an impossible situation and as such is both unworkable and unacceptable. The Commissioners individually must be given due credit for doing their best under the circumstances. but the defect lies fundamentally with the inherent weakness of the League itself which disqualifies is to play the role of an authoritative arbitor but a powerless mediator.

Coming to a detailed consideration of the merits and demerits of the Report, the Chinese are specific and frank in their praise. There are three points which Chinese critics unanimously agree as conforming with truth. First, the events which took place on September 18 were stage-managed by the Japanese and Japanese military operations on that night can not be regarded as measures of legitimate self-defense. Although couched in restrained and guarded language, but reading between the lines, it is perfectly clear that the responsibility for the Mukden attack and subsequent invasion of all Manchuria rests with Japan. Secondly, the so-called "Manchukuo" regime does not represent a genuine and spontaneous independence movement of the inhabitants of Manchuria but was created and sustained by the Japanese armed forces. The report specifically states that the Independence Movement which was never heard of before September 18 was made possible only by the presence of the Japanese military. The Regime could never have been formed, had there not been activities of Japanese officials both civil and military. Thirdly the Report definitely recognizes that Manchuria forms an integral part of China and has become Chinese in race, culture and nationalist sentiment.

While the Chinese applaud this fair assessment of essential facts, they are, however, uncompromisingly critical of the demerits of the document. The criticisms are mainly directed against the recommendations of the Advisory Conference, the creation of a new independent regime in Manchuria, the demilitarisation of Manchuria, the employment of foreign advisors, and some unwarranted allegations.

Regarding the proposal of summoning an Advisory Conference composed of Chinese and Japanese representatives, the Chinese consider that this actually amounts to a direct negotiation between China and Japan which China has since the inception of the controversy evaded. Such a proposal is not only objectionable but unworkable. It is contradictory to the findings of the Reports and incompatible with Chinese sovereignty. They argue that since the Three Eastern Provinces are acknowledged by the Report as part of Chinese territory, then China is the only power which has the right to determine its organization and administration. Manchuria is no joint possession of both China and Japan. Sovereignty is indivisible. It must either rest with China or Japan and not reside in them both. In either case, the procedure as recommended by the Report is improper. Further, as the findings of the Report have definitely though impliedly established that the responsibility for the invasion of Manchuria rests with Japan, thereby violating Chinese territorial sovereignty and international covenants, the proper recommendation would be to restore the territory to its rightful owner so as to uphold justice and vindicate the peace pacts. The proposal of an Advisory Conference with Japanese representation is inconsistent with the above but on the other hand actually justifies Japanese illegitimate actions and seizures.

The proposal for institution of an autonomous regime in Manchuria through the recommendation of the Advisory Conference is equally unwarranted and contradictory. The establishment of an independent Government must necessarily take into consideration the wishes of the inhabitants of Manchuria. As the Report has admitted that the present independence movement does not represent the spontaneous expression of the people and further the desire for self-government and cession from China is non-existent, why should an autonomous regime be formed against their wishes? Even conceding that a new administration is advisable, nevertheless it still remains a matter of Chinese internal administration and Japanese participation is without any justification. Undoubtedly any new regime constituted on the basis of the Report's proposals would be an improvement of the present anomalous state of affairs in Manchuria. Nevertheless it would constitute a violation of the wishes of the people and an infringement of Chinese territorial sovereignty.

The proposed employment of foreign advisors, principally Japanese, likewise draws fire from Chinese critics and conflicts with Chinese sovereign rights. The proposal in itself is not objectionable as to their real nature and functions. If the appointment of such advisors is voluntary and discretionary on the part of China, the proposal might even be welcomed. Since, as is recommended, it is almost obligatory, it would practically amount to placing Manchuria under foreign administration. Although nominally advisors, such people would actually exercise the power of adminisitrators. In effect, the packing of the multitudinous Japanese advisors in various departments of administration, judiciary, administrative, financial, etc., is just a disguise of Japanese control of Manchuria. The inclusion of foreign advisors other than Japanese would further destroy the autonomous character of the Regime, as it virtually amounts to placing Manchuria under international control, with China enjoying a mere empty name.

When the Lytton Commission made its investigation—Upper left is William Astor, assistant to Lord Lytton, Chairman of the Commission. Upper right is Lord Lytton. Lower left is Marshal Chang Hsueh-liang bidding the members of the Commission good-bye. Lower Left is Lord Lytton meeting newsmen prior to departure from Peiping in Marshal Chang's airplane.

The suggestion of demilitarization of Manchuria is another point which forms a target of attack. The right to station armed forces in a country's own territory is inherent in a sovereign power and can not be annulled or curtailed. Such a suggestion is characterised as both illogical and absurd. While the withdrawal of Japanese troops from Manchuria is a matter of course, the suggestion of retirement of Chinese forces from her own territory is utterly unentertainable. It directly conflicts with the Commission's own admission and acknowledgement of Chinese administrative sovereignty.

In discussing the causes of the present Manchurian situation, the Chinese charge that the Report has either purposely or tacitly evaded and omitted the consideration of an essential factor and has confused effects with causes. While it must be admitted that China is far from blame and Chinese administration of Manchuria before Sept. 18 was defective and corrupt in many ways, the fundamental cause of the Manchurian embroglio lies not with China but with the Japanese Expansionist Policy which is really and ultimately responsible for the Japanese present armed occupation of Manchuria. However, instead of placing the wrongs on Japan where such wrongs properly lay, the Report cites allegations of anti-foreignism in China and the boycott movement against the Japanese merchandise as responsible factors. Regarding the first allegation, it is admittedly true that Chinese nationalist sentiment has been very strong in recent years, but there is not an instance of blind anti-foreignism against any country. As regards the second charge, just the reverse is the truth. The boycott movement is always an effect rather than a cause, a retaliation rather than provocation. All the boycotts directed against Japan are invariably repercussions of Japanese aggression on China, the most notorious instances of which are the Presentation of the Infamous 21 Demands, the Shantung occupation during the World War, The Tsinan Incident, and lately the Manchurian Occupation, and the Shanghai Invasion. Not an incident can be found where Chinese deliberately provoked Japan with this economic weapon without being first deeply injured by the Japanese.

Further, the boycott is a mass movement. It can not be promoted or suppressed by any body exception the people themselves. In this connection, the Report makes an unfounded charge against the National Government that it has given the movement its direct assistance. Such a charge against a Government is a grave one and can not be lightly made without assuming the responsibility to produce adequate and convincing evidence to sustain it. Indeed, if the Commissioners could for a moment forget themselves and place themselves into the positions of Chinese, they would readily realise that the Chinese people need no initiation or assistance in the employment of this, only weapon as a legitimate defense against ruthless aggression by Japan. The proposal of concluding a treaty between China and Japan to regulate the boycott is impossible of consideration. The boycott as a mass movement defies any kind of regulation. The best and only way to do away with such a movement lies solely in the removal of causes. It will persist as long as the Japanese pursue their present policy of aggression; but it will be automatically called off, as soon as Japan abandons her efforts of encroaching upon Chinese territory.

While the above criticisms are by no means exhaustive, they represent the principal points which the Chinese regard with disfavor. In conclusion, the Chinese critics express the view that the Report, while valuable for its fair appraisal of the situation, is hopelessly inadequate to settle the controversy. Its effect upon the situation would be most negligible, aside from its impracticability. China has failed in its unreserved reliance upon the League of Nations, and her future lies solely with her own efforts.

Greater Shanghai Municipality to Mediate in Chapei Insurance Controversy

The agitation for compensation by the policy holders whose insured properties were destroyed in Chapei last winter during the Sino-Japanese hostilities, took a new turn during the week when the City Government of Greater Shanghai instructed the Bureau of Social Affairs to devise a solution acceptable both to the various insurance firms concerned and to their claimants. The new instruction mentioned three possible solutions, including an investigation with a view to determining the right to compensation, in each specific case, the return of premium to policy-holders who are found not entitled to compensation, and the floating of a loan by the firms concerned for the purpose of meeting the present claims.

Photographic Exhibition at City Bank Club

A wonderful display of world-wide photos featured the opening of the Fourth Annual Photographic Exhibition by members of the National City Bank of New York which took place Friday last, Oct. 7, at the Bank's Club Rooms on the first floor of the National City Bank Building, 2-A Kiukiang Road. The Exhibition lasted for a week from the opening day to Oct. 14, with free of admission to the public. The photographs on exhibit were collected from all parts of the world where the National City Bank has its branches. There were two qualifications of entry to the Exhibition: uniform size, and black and white treatment.

The first prize won at this Exhibition was "The End of the Day" entered by Miss N. Stannard, a staff member of the London Office of the Bank. The second prize, "Old Hat, the Whitewasher" went to E. Dixon, also of the London Office. The third prize, "Somewhere a Voice is Calling," was won by Miss Esther Levis of the Shanghai Office. The McLay Shield, presented by C. M. McLay, was awarded to the London Office for the largest number of points in the competition.

The Judges of the Exhibition were Messrs. T. T. Ling of the Chinese Photography Society; L. J. Hughes and M. C. Reid, of the Shanghai Office of the Bank.

Special Honorable Mentions:—"Lady Hen," Shanghai —Mrs. Hilda G. Ozorio; "Flecks of Sunlight," El Capitan Yosemite Valley—G. A. Benson.

Honorable Mentions:—"Counting the Fare," Loonching —Su Yoh Tsing; "Start for the Day," Loonching—Z. Z. Wong; "Loading Sugar Cane," Havana—G. A. Benson; "A Water Carrier," Hangchow—C. R. Jim; "Reaching for Someone," Shanghai—Miss L. Steinemann; "Mates," Shanghai—F. M. dos Remedios; "Yih Kong Temple," Hangchow—Su Yoh Tsing; "Morning Stroll," Seelongdong—Su Yoh Tsiug; "Bur Tse Lake," Kading—R. B. MacKay; "Feeding Time," Kiangwan—Mrs. Hilda G. Ozorio; "The Gate of the City," Chekau—Su Yoh Lien; "Washing in Creek," Ningpo—Su Yoh Lien; The Watch Tower, Morro Castle," Havana—Carlos Sauvalle; "Old Spanish Patio of St. Therese Convent," Havana—Miss Uldarica A. Manas; "Old Woolgate," Hitchin—Miss N. Stannard.

Rites for Social Occasions Being Revised

The Ministry of Interior held a conference on October 11 to revise the rites for all social occasions, such as weddings, funerals, inductions into public offices, etc. It is felt that since the inrush of modernism into China, many Chinese social customs have undergone radical modifications—often for the worse. Although the old customs have, in many respects, been supplanted by hybrid innovations, standard forms governing rituals and dress have not replaced the old, with the result that every one does very much as he pleases nowadays. It is the aim of this conference, therefore, to standardize all important rituals and to set rules for even the most ordinary salutations.

Doctors Certify That Wang Ching-wei Is Seriously Ill

At a meeting of the Executive Yuan at Nanking, October 11, the Chief Secretary presented a report submitted by the medical men (three Foreign and one Chinese) in attendance on Wang Ching-wei, former chairman of the Executive Yuan, certifying that he is suffering from diabetes mellitus and cirrohosis of the liver with some evidence of obstructive jaundice. The doctors express the opinion that Mr. Wang should have a complete rest from all duties for at least three months and that as soon as his condition allows he should have a change of climate.

Japanese Captain Tries His Hand at Freeing British Captives

Efforts to rescue the British captives, Mrs. Muriel Pawley and Charles Corkran, took a fresh turn beginning of the week when Captain Kawahito of the Japanese gendarmerie left Newchwang for Panshan, near the bandits' retreat, with the intention of opening direct negotiations with the bandits. He is supplied with a bodyguard of 30 soldiers from the troops of General Wang Tien-chun, commandant of the forces in the Newchwang area. The latest reports were to the effect that the captives were being well treated.

Canton Government Supports General Ma Chan-shan

(From the Review's Canton Correspondent)

ANTI-JAPANESE boycott activities on a large scale have again been renewed with enthusiasm among the boycotters and student organisations consequent on the arrival in Kwangtung of envoys and the brother of General Ma Chan-shan (Heilungkiang Chinese Military Governor whose allies are besieging Manchuli and other important Manchurian towns in north-eastern provinces) and the Kwangtung Provincial Council's assurance to the boycotters that financial contributions by the government for the maintenance of the National Salvation Society will be increased.

With the sudden departure from Canton of Messrs. Hsiao Fu-cheng, Teng Tse-ju and Chow Lu (Kuomintang Conservatives and associates of Hu Han-min) who were amongst the first to sign the pronouncement in May 1931 demanding the Nanking impeachment of General Chiang Kai-shek, following a sharp disagreement with the military party over the relations between the Canton and Nanking Governments, has opened a new era in Kwangtung and Kwangsi's situation. Supporters of the military administration which incidentally holds all the powers in the Kuomintang and Provincial political departments are confident that a huge amount can be saved monthly with the abolition of the South-western Political Council and South-western Kuomintang Executive Council in Kwangtung, which claim to represent the provincial governments in five south-western provinces.

Independent Political Bodies Disfavored

The consensus of opinion among the military Commanders and public organisations is that these independent organs, established against the wish of the Nanking Government, should be abolished at the present juncture when all provincial powers should render their assistance to Nanking in the solution of the Manchurian imbroglio. With the absence of Messrs. Hsiao Fu-cheng, Teng Tse-ju and Chow Lu—leaders who advocate the separitist movement in the south—the more conservative among the military officers are pressing the Commander-in-Chief, General Chen Chi-tang, recommending the abolition of these councils. It is noted that the South-western Political Council actually controls the administrations in Kwangtung and Kwangsi and its sphere of influence has never been extended outside these two provinces.

The Council has a standing committee consisting of seven members, namely the Commander-in-chief, General Chen Chi-tang, General Li Tsung-jen (head of the Kwangsi military circles) and Messrs. Tang Shao-yi (the veteran Chungshan district Magistrate and former Peking Premier) C. C. Wu, who has resigned, and Messrs. Hsiao Fu-cheng, Teng Tse-ju and Chow Lu. In the absence on long leave of the latter three officials and the resignation of Dr. C. C. Wu (who is now in Shanghai or Hangchow), and because General Li Tsung-jen spends most of his time in Wuchow and Nanning General Chen Chi-tang and Tang Shao-yi are the only remaining members. Lack of a quorum has prevented the Council from holding its weekly sessions and in other words the work of the Council has been taken over by the Military Party.

Money Needed for Economic War

The possibility is that the South-western Political Council and Kuomintang Council will be abolished if the political absentees would prolong their trip away from Kwangtung and the several thousands of dollars thus saved from the expenditures needed for these Councils will be devoted for the boycott movement. The Government's monthly allowance to the National Salvation Society (Boycott Headquarters) has recently been curtailed by about forty per cent on account of the pressing needs for the anti-Communist expedition in northern Kwangtung. This allowance will be increased in the nearest future, according to those in touch with the Commander-in-chief. Furthermore, the Government intends to extend the number of pickets searching for Japanese goods in the Kwangtung ports principally in Nanning, Kongmoon, Wuchow, Hoihow, Pakhoi, Swatow, Fatshan and the important terminuses along the Canton-Kowloon Railway (Chinese section).

The seizure of the large consignment of Manchurian beans worth over $100,000, which the boycotters demanded the destruction of against the Kuomintang mediation on the ground that the beans are Chinese products and sent by Chinese exporters to Canton, has been settled and the merchants responsible for the importation of this Chinese consignment from Manchukuo-controlled districts in Manchuria have paid a fine of $6,000, to the National Salvation Society. The seized cargo will be released. The merchants have been warned not to send further consignments from Manchuria because the movement of the goods will directly benefit the Japanese owned transport companies in Manchuria, mainly the S.M.R. and Japanese steamers.

Exhibition of China's Traitors

The seizure of a large consignment of Japanese cement, consisting of 140 bags, was made early this week by Canton Anti-Japanese boycott pickets at the Nam Kong Station along the Chinese section of the Canton-Kowloon Railway. The cement was sent from a Hongkong Japanese firm to its Canton agent who has taken the greatest care in altering the Nippon trade mark to that of a Haiphong firm, which was discovered. The Chinese importers responsible for this disgraceful act were put in a box for public exhibition at the Chinese station of the railway in Canton for fully ten hours. These two men were made to wear a paper jacket with a high pointed hat on which was written their offence. Their presence at the railway terminus attracted much attention and it was only through the Police intervention that the two men were saved from being stoned by some students.

Agents of the National Salvation Society posted at Shekpai Station along the Canton-Kowloon Railway had seen bags and boxes which looked suspiciously like Japanese importations last Monday, but their attempt to seize these goods had been prevented by the railway guards. The Society has since petitioned the Government demanding the severe punishment of railway guards sheltering merchants who had the audacity of importing Japanese goods despite the pickets' vigilance. Shekpai is only ten miles or so from Canton.

Pickets' Visits to Chinese Firms

In addition to maintaining an all day long search on steamer and passenger towed boat wharfs and railway stations other members of the National Salvation Society pay weekly visits of inspection to firms which have been placed under observation because of their existing or former connections with dealers on Japanese commodities. An early morning visit by the picketing corps to two Chinese firms in Tung Man Road this week resulted in the seizure of a large cargo of Japanese rubber goods and electrical equipments, which will be auctioned and the proceeds remitted to the Government Treasury. Other small seizures were made from time to time and in every one of these cases the money derived from the sales of confiscated goods was sent to charitable organs or to the government authorities.

The picket vigilance and the repeated arrests and punishment of merchants and smugglers who attempted to trade with the Nipponese firms has had a most detrimental effect on the importers of this line and one of the most prominent importers told the writer only yesterday that his firm had in its Hongkong and Canton godowns Japanese goods worth over $500,000. The majority of these goods was ordered before the regrettable developments in Manchuria and despite the fact that many months had passed this firm was still unable to get rid of this large cargo. To sell the goods at the current price will mean a loss of about forty per cent.

Piece Goods Merchants Suffer

Unless the political outlook in Manchuria develops favorably towards an early resumption of cordial relation between China and Japan, which is now considered to be as remote as ever, many Chinese import firms dealing in Japanese piece goods will have to suspend their business before the Chinese New Year holidays next February. The merchants' inability to clear their large stocks of Japanese goods at favorable prices and the fall in the sterling rate resulting in the new arrival of cheap English piece goods of much better qualities than the Nipponese products have rendered a heavy blow to the Japanese dealers. The latter's attempt to change the Nipponese trade mark into Russian trade mark has been exposed recently by letters and articles on this cunning trick which appeared in Chinese newspapers in

the South. Once warned, the Chinese purchasers are bound to examine and think twice before paying for any cheap piece goods.

The more radical among the boycotters have adopted terroristic methods by sending letters of intimidation warning the firms and the Canton Municipal Chamber of Commerce against dealing further with Nipponese producers. These threats have so far remained on paper only and there has been no bombing or other drastic action, as the writers of these letters threatened to do. The sane and conservative element still prevails in the National Salvation Society and the peaceful methods now used in forcing the merchants not to deal with Nippon will be continued.

Heilungkiang Envoys' Visit

The Boycott movement organisers and members of the prominent public bodies are planning a big welcome party in honor of General Ma Chan-shan's representatives, who have arrived in Kwangtung seeking financial support. The representatives, Messrs. Wu Chan-chang and Wang Chin-tze told the writer that they visited the south-western provinces with the two-fold aim to thank the various public organisations here which had contributed substantially to the Heilungkiang Chinese volunteers and to seek further financial support from the Kwangtung provincial government. Independent sources state that the representatives of the Heilungkiang Governor are coming to seek military support from the southern commanders.

The Heilungkiang representatives assured the Government leaders that all rumors pertaining to Ma Chan-shan's repeated setbacks in his military operations and absurd rumors of his death were manufactured by Manchukuo officials. General Ma was determined to resist the Manchukuo aggression on Jehol and other Heilungkiang territories now under Chinese control. The representative also offered a lengthy explanation of Ma Chan-shan's acceptance of the post as Minister of War in the Manchukuo puppet regime in order to acquaint himself better with the plots and tactics of the Japanese and Manchukuo armies. As soon as Ma Chan-shan succeeded in obtaining all the military information necessary for launching counter-attacks on the Manchukuo armies he quit his post and once again resumed active service with the Chinese volunteers.

Campaign for Heilungkiang Relief

The unsurmountable difficulties confronting the volunteers fighting in the usually isolated areas in Manchuria without outside support and the horrible conditions existing in certain war zones were described by the Heilungkiang military envoys. Lack of arms, ammunition and funds contributes the main obstacle to the continued success of the volunteers. The envoys have arranged some official interviews with the Commander-in-Chief and civilian leaders in which they will represent Ma Chan-shan to seek the financial assistance of the government here. It is understood from usually well informed circles that the Canton government will contribute about $1,000,000 towards the Manchurian volunteers' movement under Ma Chan-shan. The money has been accumulated since several weeks ago through the energetic efforts of the various universities, schools and Chinese firms.

The organisation to collect the million dollars started some time ago and hundreds of students were seen working incessantly throughout the day and in particular during Sunday and general holidays chasing pedestrians and tourists and new arrivals on steamers and trains for small subscriptions ranging from a few dollars to a five cent piece. The campaign was under the able direction of the college undergraduates and officials in the Students' Federation. The boys were reinforced part of the time by young girls from the girls' schools and some of the more energetic and enthusiastic among the girls and young woman students even boarded the Canton-Hongkong steamers and trains and pressed the passengers for small contributions for the Heilungkiang hero during the trips to Hongkong.

In view of the ready response and contribution of about $1,000,000 by Hongkong and Canton firms and wealthy individuals for medical and other relief measures for the Nineteenth Route Army while the latter were resisting the Japanese occupation of Shanghai it is generally anticipated that much better results might be accorded to the representatives of General Ma Chan-shan in their appeals in Canton. Difficulties in connection with the necessary securing of official permission from the British Government in Hongkong to open a general subscription for Ma Chan-shan may prevent the envoys from visiting Hongkong.

Because of its remoteness it is considered unlikely that the Kwangtung and Kwangsi governments will be able to render much military assistance, but from Hunan a message relates the formation on the Kwangtung-Hunan frontier of Volunteers corps which profess to possess the common aim to proceed to Heilungkiang to relieve Ma Chan-shan. An office for the enlistment of further volunteers for this corps has been established at Yichang district, Hunan, and with the arrival of Ma Chan-shan's envoys the latter may communicate with these Hunan volunteers for more details of the enlistment of the volunteers ready to serve the Heilungkiang military governor.

Canton, October 2, 1932.

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Japanese Denounced by South China Editorial Comments

A great variety of views has been presented by foreign and Chinese newspapers in South China mainly those in Canton and Hongkong towards the Lytton report and while these journals disagree over the wisdom of the Lytton commission members' own findings they nevertheless are unanimous in their expression on several important points. Chinese attention on the Manchurian situation has again been electrified and it is generally anticipated that the anti-Japanese boycott movement will be intensified. Coming back to the Lytton report comments the English and Chinese newspaper expressed the same opinion on appreciating the Lytton commissioners' exposure that the Manchukuo puppet regime under Henry Pu Yi was only made possible by the presence of Japanese troops and that a group of Japanese civil and military officials carried through this movement.

Like other Chinese newspapers which congratulate the Lytton report authors for their upholding of true facts, the *South China Morning Post* in an editorial comment says that "the Manchukuo sham is exposed and Japan is convicted of excessive action, inferentially towards an illegitimate purpose. China's title to Manchuria is confirmed. Manchukuo is a Japanese creation and not the fruit of a spontaneous desire for self-determination. This indictment Japan will find it difficult to answer."

Direct Charge Against Japan

Expressing similar views to that of the leading English newspaper in South China the *Hongkong Telegraph* editorially comments that at the same time there can be no escaping the fact that the Commission does definitely indict Japan for aggressive action in Manchuria and for engineering the creation of the puppet State of Manchukuo. The most direct charge, added the same comment, which the Commission makes against Japan is to be found in the statement that "without a declaration of war, a large area of indisputable Chinese territory has been forcibly seized and occupied by the armed forces of Japan, and separated from and declared independent of the rest of China."

On this important point of the deliberate and well conceived Japanese military campaign in Manchuria on the night of September 18, 1931, while the Chinese army was not the least prepared for such aggressive actions, the *China Mail* makes a sharper comment by stating that the fact that Japan had no right to restrict China's sovereign rights seems to have been ignored, and Japan's deliberate aggression has been glossed over. The conflict was not of China's seeking as indeed the Commission reveals later in commenting on China's unpreparedness in contrast with the swiftness and precision with which the Japanese plan was put into operation. That this comment deplores the Lytton report's over-cautious attitude is found in one sentence in the *China Mail* comment which says the main criticism of the Lytton Report will be levelled at the caution of the wording and the lack of any definite or decisive expression of opinion. The evident deduction is that the Commissioners were concerned mainly with the precaution not to offend any party to any considerable degree.

Proposed Conference Opposed

While all the Chinese newspaper comments hail the frank exposure of the Manchukuo sham by the Lytton report as a bold step towards upholding the true facts in Manchuria, they strongly criticise the impractical sugges-

tion that a conference should be organised consisting of a Chinese and a Japanese representative and two delegations of the local populations, one to be selected in the manner prescribed by the Chinese government and one in the same way by the Japanese Government.

Chinese opinions in the South consider this recommendation tantamount to a direct negotiation between China and Japan which it has always been the firm stand of the Nanking Government in voicing its opposition. Thus one of the leading commercial Chinese papers expresses the opinion that while the Lytton report commissioners have presented some most valuable information to the Powers and members of the League of Nations the suggestions which hinge on the suggested direct negotiations will be unacceptable to both parties. If the Lytton Commission considers that China was unprepared in September 1931 and the Japanese aggression on Mukden and later on the whole of Manchuria was an illegitimate action then Japan should be charged with infringement of the Nine-Power Treaty, the Peace Pact and the League of Nations Covenent. In this respect the commissioners should have adopted a much stronger attitutde in demanding the Japanese to clear out of China and Manchurian territory which the Lytton Mission points out in the most clear manner to be an integral part of China.

Attempt to Please Both Parties

Expressing their scepticism on the direct negotiation betweeeen China and Japan which may be dragged on for months and even many years, with China emerging the real loser, to some degree at least the Chinese commentators call the attention of their readers to the past record of the League of Nations and its many failures even in demanding the withdrawal of Japanese troops pending a settlement. Japan has ignored the previous League advices and even if the coming meetings at Geneva will support the Lytton Report findings their decisions will meet with similar reception from Japan.

The Chinese journals are unanimous in anticipating that the Chinese Government's over reliance on the League of Nations, which is a powerless organ without the concrete and military support of its Power members, will lead China nowhere and possibly to disaster at the end. These journals request the Chinese leaders not to pay too much attention to the Lytton findings, which will hold international attention on the Manchurian situation for some time like its predecessor, the Sino-Japanese hostilities in Shanghai early this year. On this point the journals support the South-western Political Council in Canton in advocating military action by the Chinese Government in order to afford material relief to the thousands of Chinese volunteers now fighting the Manchukuo armies.

Expedition Against Manchukuo

The Southerners seem to have much more faith in the effective use of the economic weapon and organisation of the expedition to Jehol. Concerning China's reliance on the League of Nations the *South China Morning Post* comments: "Having placed her case entirely in the League's hands, China could not have failed to realise that equity and reality must require from her some concession. It is true that the essential fact is that Manchuria is an integral part of China; but if that fact must govern absolutely then no arbitration is possible. The alternative for China is that she should recover Manchuria by her own efforts, plus such assistance as she can win."

Like other Chinese newspapers which predict a losing battle for China in the establishment of the buffer zone in Manchuria and the formation of the Advisory conference, the *Industrial and Commercial Daily Press* (Chinese) says that it is considered extremely remote that the Japanese Government will ever accept the League of Nations or any other parties' mediatory measures unless the League enforces an economic blockade or military coercion to bring the Japanese to submission. With the publication of the Lytton Report new developments of an international nature towards settling the Sino-Japanese dispute are bound to occur and Chinese attention should be directed towards the next step which the Washington Government may take in supporting the spirit of the anti-war pacts, concludes the *Commercial and Industrial Daily Press.*

Observers in the South are impressed immensely by the Chinese expression on the futility of the League of Nations because of its previous indecision, which has really aggravated the Manchurian situation from bad to worse. The strong urge to the Nanking Government to organise an expedition against Manchukuo is considered by many as both timely and wise because it is now considered a certainty that China will have to make sacrifice. It is much better to fight and lose than to permit the granting of concession in any political conference to negotiate for peace.

Self-reliance and a continuation of the economic resistance against Japanese seem to form the key-note to the Chinese recommendations as a prescription for the salvation of Manchuria. The Lytton Report's relative mild comment on the Chinese boycott movement and its allegation of Kuomintang support has not been referred to any great extent in these Chinese discussions. As one commentator alleges ironically: If the Lytton Report has failed to accomplish anything for China like the previous League of Nations' decisions it will at least serve as a stimulant for a effective revival of the boycott movement.

The League's Critical Position

The comments also stress the valuable time wasted for the whole year from September 1931 and urge that the League of Nations if it desires to retains its dignity and prestige then the present is the time to take definite actions. Thus the *Hongkong Telegraph* says in its editorial: "At the same time, it may well be a serious matter for the League's future if it declines to face the facts, the more so if, by inaction or otherwise, it allows the impression to prevail that any nation can with impunity disregard its solemn international obligations."

In a similar criticism the *South China Morning Post* says: The most important feature of the Lytton proposals is that they require guarantees. Obviously the autonomous state will require protection, involving the use of the League of Nations covenant to its full extent, including sanctions. To friends of the League, the report thus offers the interesting possibility of establishing the League at last in the role for which it was created. To critics of the League, on the other hand, it is given to ask: If eventually there may be sanctions, why not now."

While condemning the League's inaction of the whole year for aggravating the situation the Chinese commentators are unanimous in the expression that if the Lytton commissioners recognise that Manchuria is an integral part of China, that the Japanese attack on Mukden on September 18, 1931, is an illegitimate act, that the Manchukuo puppet state was created only through the advices of Japanese General Staff, then why not restore Manchuria to the administration of the Chinese Government, the rightful owner to its own estate?

Danger of International Rivalries

Editors of the Chinese journals confess that they are puzzled on the ambigious suggestion for the withdrawal of Chinese forces from Manchuria and organisation of an effective local gendarmerie force because in one part of the Lytton report the authors say that any real and lasting solution by agreement must be compatible with the stipulations on which the peace organisations of the world are based; and that any disintegration of China might lead to serious international rivalries. The Chinese opinions here are strong in their denouncement of the Lytton recommendation for the withdrawal of the Chinese forces.

As a counter recommendation the opinions here are that a prepetuation of the Chinese volunteers activities in Manchuria with continued and periodical assistances in the form or arms and funds from Peking and Nanking Governments and an effective continuation of the boycott movement all over the country should yield much better results than on any undue reliance and trust hoping for the help of friendly Powers.

Canton, October 6, 1932.

Ford Car Makes New Record Run Over New Hangchow Highway

A Ford V-8 sedan piloted alternately by Charles J. Johnson, service manager of Bills Motors, Federal Inc. U.S.A. and Jack Pollon, sales manager for the same company, established a record of three hours and 13 minutes for the run from Hangchow to Minghong over the new road which has been opened between those two cities, on Sept. 30. E. A. Richards, of the Ford Motor Company (Exports) Inc., and L. C. Penn, business manager of the National Economic Council accompanied the Bills Motor officials on the trip. The Ford's average speed for the 120 miles was 37.3 miles per hour.

The outward trip, from Minghong to Hangchow, was accomplished in four hours and 48 minutes.

The Chronology of Manchukuo

The following chronology of events in Manchuria, commencing with September 18 last year, is published for information and future reference.

September 18, 1931, 10.30 p.m.—Japanese army begins military operations at Mukden, claiming Chinese soldiers had been caught dynamiting tracks of the South Manchuria Railway, Japan's most vital possession in Manchuria.

September 19—Japanese occupation of Mukden completed; Japanese occupy Changchun.

September 21—First Japanese reinforcements cross border from Korea into Manchuria; Japanese occupy Kirin. China appeals to League of Nations for aid and redress.

October 3—Japanese army headquarters in Manchuria announces that Marshal Chang Hsueh-liang, former ruler of Manchuria, would not be permitted to return to that country.

October 8—Japanese military aeroplanes bombard Chinchow, seat of the Chinese provisional governement of Manchuria.

October 13—League Council meets to consider the Manchurian crisis.

October 16—Council invites America to send an observer to the Manchurian debates.

October 20—Secretary of State Stimson calls attention of Japan and China to their obligations under the Kellogg-Briand Treaty.

November 4—Fighting begins on the Nonni River between Japanese troops and the forces of General Ma Chan-shan, acting Chinese Governor of Heilungkiang province.

November 18—Ma Chan-shan defeated and Japanese enter Tsitsihar, capital of Heilungkiang Province.

November 27—Japanese army advances toward Chinchow, but drive is suddenly halted next day by orders from Tokyo.

December 10—League Council adopts resolution creating Commission of Inquiry.

December 28—Real Japanese offensive against Chinchow launched.

January 2, 1932—Japanese occupy Chinchow, which Chinese evacuated without a battle.

January 28—Japanese-Chinese hostilities break out in Shanghai.

February 5—Japanese expedition under Lieutenant-General Jiro Tamon occupies Harbin.

February 20—Japanese army launches big offensive at Shanghai.

February 29—The League's Inquiry Commission (Lytton Commission) reaches Japan and begins six-months' labors.

March 1—Independence of Manchuria, henceforth called Manchukuo, declared at Mukden, ostensibly by group of Chinese leaders.

March 3—Success of Japanese offensive at Shanghai terminates major hostilities in that region.

March 9—Henry Pu-yi, former "Boy Emperor" of China, is installed at Changchun as "Chihcheng," or "Chief Executive," of Manchukuo.

March 11—League of Nations Assembly adjourns after adopting resolution binding members not to recognize any situation brought about by means violating the Kellogg-Briand Treaty.

April 21—Lytton Commission, after travelling through Japan and China, reaches Mukden and begins investigation on the spot of the Manchurian situation.

April 30—Lytton Commission telegraphs from Mukden its preliminary report to Geneva, simply outlining existing military situation in Manchuria.

May 5—Armistice signed between Japan and China in Shanghai hostilities.

May 1—Japanese army begins large-scale campaign along the Sungari River and in North Manchuria against various guerilla forces, including command of General Ma Chan-shan, again opposing the Japan-Manchukuo regime after three months of seeming allegiance thereto.

July 4—Lytton Commission makes second visit to Tokyo, which lasts 12 days and shows clearly wide difference between points of view of the Commission and the Japanese Government.

July 15—Lytton Commission leaves Tokyo, returning to Peiping to write its report.

July 27—Japanese send out erroneous report that General Ma Chan-shan was killed in battle north of Harbin.

August 8—General Nobuyoshi Muto, in ceremony before Emperor of Japan, installed as new Commander-in-Chief of Japanese forces in Manchuria, Envoy Extraordinary in that territory and Governor of Japan's Leased Territory of Kwantung.

August 20—General Muto leaves Tokyo for Manchuria, bearing with him draft of Protocol whereby Japan proposes to accord recognition in Manchukuo.

September 4—Lytton Commission, at Peiping, concludes and signs its voluminous report and its members start for home.

September 15—Japan-Manchukuo Protocol concluded ceremoniously at Changchun, Japan recognizing independence of Manchukuo and assuming responsibility for internal and external defence of that State.

September 20—Dr. Heinrich Schnee of Germany, first of the Lytton Commissioners to return home, reaches Berlin and reports to the German Government.

September 22—Text of the Lytton Report reaches Geneva and preparations are begun for its publication and distribution.

September 30—The Earl of Lytton, Chairman; and Major-General Frank R. McCoy, American member of the League's Commission, return to Geneva.

October 2—The report of the Lytton Commission is published.

U. S. Fleet Maneuvers Will Be Held in Pacific Waters Next March

In connection with the recent announcement that the American Atlantic Fleet would remain in the Pacific until after maneuvers with the battle force which will be concluded in February and March next year, a *Rengo* (Japanese) dispatch from Washington Sept. 30 mentioned that the Atlantic Fleet went to the Pacific last March for winter maneuvers with the Pacific Fleet. It was intended then for the Atlantic Fleet to return to the Atlantic coast on May 30. It was decided, however, to keep the scouting force off the west coast for an indefinite period, which on May 20 was extended to October 1. At that time Admiral Pratt, commander of the Fleet, said that the keeping of the Atlantic Fleet on the Pacific would result in economy and would give a greater opportunity for an increased scope of tactical training with the two fleets working together. Winter maneuvers which, under the present plans, will be held in the Pacific again this year usually rotate between the Atlantic, Panama Canal and the Pacific.

In his statement directing the Atlantic Fleet to remain in the San Pedro and San Diego area, Admiral Pratt said that manoeuvers would be completed about March 20, next year.

Figures published by the U. S. Navy Department in Washington end of September show that the present naval construction program will place the United States 19,805 tons behind Great Britain and 5,192 tons ahead of Japan at the end of 1936. At present the United States is 202,621 tons below Great Britain and 72,821 tons above Japan. What proposals the U. S Navy Department would advance in the coming session of Congress has not yet been announced, but it was said that it probably would advocate a substantial building program spread over a period of years.

Japanese Want to Control Manchukuo Courts

One of the incidentals to the recognition of Manchukuo by the Japanese Government has been a proposal by Manchukuo officials that extraterritoriality should be abolished. As such a move affects principally Japanese and Koreans, the Japanese Government has been paying much attention to the subject. Present indications are that the abolition of extraterritoriality will be carried out gradually zone by zone.

Director Kurivama of the Judicial Bureau the Ministry of Justice, Manchukuo, Changchun, was in Dairen recently to exchange views with the members of the Kwantung Barristers' Association on the subject.

The Manchukuo officials have proposed two plans anent the problem, as recorded by the *Manchuria Daily News*:—(1) For a case brought up before the Final Department of the Supreme Court, a Japanese judge shall preside, in both the Appellate Department of the Supreme Court and the District Court, Manchukuo judges officiating as presiding judges; (2) In a case involving foreigners, including Japanese, both presiding and associate judges shall be Japanese.

The Kwantung barristers have expressed the opinion that, in case extrality is abolished both presiding judge and an associate judge should be Japanese, with a Manchu associate judge in the District Court as well as in the Appellate and Final Departments of the Supreme Court.

Japan Weighs the Chances of War with America, Britain, Russia and China

(From The Review's Correspondent in Japan)

GENERALLY speaking what Japan is really concerned about upon the definite inauguration of her diplomatic policy is, as was already reported, the League's way of cutting the Gordian knot. Yet, they never think of the League without at the same time picturing in mind the countries of which it consists.

According to what the people say and write after Japan's recognition of Manchukuo, what they lavish their mental energy upon most is first of all America, then come Russia, Britain and China. Articles on the attitude of America occupy nearly 80% of all comments on Powers put together while those on Britain and China are very few. In Japanese vernacular papers I find no studied comments on the question, theirs all being in the form of the news report. The views of those high in authority in Japan coincide with that of the Foreign and War Ministers. Below are summarized the views of some of the most prominent Japanese critics.

America

Captain Hironori Mizuno, a noted critic in Japanese Navy circles, declares in the August number of the *Keizai-Ohrai* in the following vein in a most persuasive way.

Modern history abounds in instances of unfriendly relations between neighboring countries such as between Britain and France, Germany and France, France and Italy, America and Mexico, Japan and China. America lying over 4,000 nautical miles away across the Pacific Ocean, give us an idea of a country too far for Japan to be called a neighbor. Yet, from the fact that whereas it would require nearly five days for our army to reach China if calculated from the date of mobilization orders it takes not more than seven days for a warship to reach Seattle from Yokohama. We find there is only two days' difference between these two expeditions. This really means Japan and America are neighbors.

The origin of the antagonistic relations of the two neighbors is traced to the American apprehension of Japan's sudden rise in influence and enormous swell of her armament after the Russo-Japanese War. The Anti-Japanese campaigns in American are nothing but precaution and fear put in a concrete form; they were afraid that the valiant and bellicose imigrants from Japan might prove trators in case of emergency in their country.

Frankly, the United States must admit that she is not on the same level as Japan as far as military power is concerned; what she relies upon is her economic power. While Japan remains in want of economic supplies, America thinks, there is no possibility of her opening fire. If it so happens, however, that once these very economic supplies have come to the hand of Japan, it may be out of the question for her to manage the country, America fears.

To disappoint this basic conception of the United States there is just next door to Japan the large country of China which may at any moment fall a prey to Japan. The territorial integrity of China, open-door and equal opportunity are nothing other than wire-entanglements set between Japan and China in order to guard against Japan's monopolizing the Chinese resources, taking advantage of her geographical advantage.

The Manchurian Incident touched what the Americans were most afraid of and it is no wonder that they should have made brave opposition on the strength of the Nine-Power Treaty or Anti-War Pact. Apart from the question whether Japan's recognition of Manchukuo constitutes a violation of the Nine-Power Treaty from a theoretical or juridical viewpoint, from the fact that America is the very original promoter of the Treaty and regards herself as its guardian this phenomenal start of Japan mercilessly slung mud upon the honor and dignity of the United States and completely trampled down her will and object.

If the United States has confidence in her military strength she will never hesitate to resort to war. The economic damage Japan would suffer from the war must be beyond comparison with that of America. Indeed, it is expected to be so enormous that only the firm determination of turning the land into ashes as declared by Foreign Minister Uchida could effect the recognition of Manchukuo; he must have done a great injustice to the nation's trust if in his important declaration there had been a flash of an idea that the recognition might not lead to war. None can predict whether or not America will go to war at this juncture. All we utter is but supposition. Her naval strength on which we base our supposition, can never be said equal to Japan's despite the ratio of 5 to 3; it is strong at its trunk but weak at its hands and feet. As stated elsewhere American superiority lies in her economic predominance. Naturally, before crossing swords she would fall back upon economic trench-warfare. To do this a superior navy is imperative both for limiting the economic activities of Japan in near Orient and bottling up her navy within her neighboring waters. This, however, is denied the crippled American navy. There is even possibility of the superior Japanese cruisers advancing to the Atlantic Ocean threatening the economic vitality of the United States.

It is highly problematical that under these circumstances the United States would stake her fate by declaring war before shaking hands with an influential naval Power. Obviously there is none but Britain who could supply what is needed by the United States. In the event of the realization of Britain's alliance or cooperation with America there would be no way out for Japan except boldly revising her Manchuria policy if she is above reducing the whole country into ashes.

Britain feels her interest in India and Australia is greatly menaced before Japan's influence, and Japan's developed authority into Manchuria is of grave consequence to her as it is to the United States. She is now behind the curtain, but once it is cut down after the tension between Japan and America has been removed, the strained Anglo-Japanese relation would pose itself naked in the world. If the Manchurian question should prove an igniter to a war between Japan and America, Britain would either unite with America or remain neutral, but would never shake hands with Japan.

As the world's most self-important country America would never give up her policy before the eyes of the world even though she comes to stand by herself in consequence of Britain's indifference. If this is the unerring attitude of the United States the Manchurian Incident would supply her with a good chance of performing a surgical operation.

The Manchurian question will never cease to put up its head whenever there is a chance until the Japan-American relation is "liquidated". Since China reserves the right to send out a punitive force to Manchukuo in the event of the League's deciding upon non-recognition of its independence, it would then be easy for her to invent pretexts for waging war. This war would be fought between Japan and the combined forces of China and America. And the attitude then taken by Britain and Russia will decide the day.

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Suekichi Aono, clear-headed social critic, noted and respected among Japan's intellectual classes, says in part in his article printed in the October number of the *Keizai-Ohrai*, the following:

I remember that it was just at the time when the Russo-Japanese War came to a close that the talk of a war between Japan and the United States started. The war-talk had, it seems, at its back two economic influences pitted against each other, which being reflected in the people's minds came to infuse a peculiar sound in their cry, "America comes next."

The capitalism of both countries as ordained by fate stands face to face with each other with the Pacific Ocean and China its stage. This state of rivalry has survived all obstacles excepting one or two occasions at which the tension was slackened due to lack of attention of both parties. It is true there was at the time of its slackened tension some who entertained an optimistic view that even though there was partition of China the two Powers might be able to co-operate in obtaining profit therefrom each endeavoring to avoid causing war. But this view later proved a mere vision when there came a crisis for the world capitalism and opposition of Powers reappeared on the horizon with fresh vigor sacrificing their ostensible international co-operation for the sake of the welfare of

their own capitalism....(turns)....later came the declaration of independence of Manchukuo, which actually brought about the head-on collision between Japanese and American capitalism and the sham co-operation has completely vanished.

About a year ago when the Manchurian Incident broke out there was an opinion among the leaders of Japanese thought, especially strong in military circles, that although the American interest was fundamentally opposed to ours there was absolutely no possibility of America's taking up the matter so as to lead to war. Indeed, with this anticipation they could carry out battles in Manchuria. Until embers of the Incident spread fire to Shanghai and greatly menaced her capitalism America refrained from resorting to any possive opposition though it is true she was secretly helping the Chinese Southern Government in its anti-Japanese movement. Seeing the impending crisis of her interest in China America had to quit such negative means: her strong attitude appeared in the form of Stimson's letter. This new expression of her will means what the *China Weekly Review* said, "If the letter carries in it anything significant it is no other than that America hurriedly set about preparing for the war that ought to break out. And this culmination is inevitable if Japan is reluctant to forbear."

Russia

Captain Hironori Mizuno's comments on the Russian attitude appearing in the *Keizai-Ohrai* are in essence as follows.

Ten years' laborious work of the brave revolutionists has succeeded in establishing social order and regaining national vitality placing the new Russian Republic on a sounder basis. As the initial experiment in developing her industrial economics came the audacious enterprise of Five Year Plan launched in 1928. Amidst the innumerable opinions of the world the schedule has made a steady progress bringing about a remarkable improvement in her economic conditions. This phenomenal growth of Soviet Russia created a sensation in our army circles; they rang the alarm-bell to stand up for national defence against the menace from the north. This combined with the American menace from the east chased the nation to extreme consternation, and taking little heed to their daily food and drink they are now obliged to build more warships and cannon.

Soon after the outbreak of the Manchurian Incident it was reported that there occurred a few cases of clashes between our expeditionary forces and the Soviet troops guarding the border district, and protests were exchanged. It was then rumoured that our....did disagreeable things in many ways so that the Soviet troops might get irritated and thus purposely get things more entangled. If one tenth of the same trick had been resorted to by Japan in Russia's monarchical days it must have invited a grave consequence—war. Soviet Russia as a socialistic state makes it her state policy to protest against imperialism and war. Apart from the question whether it is pretence or not the fact that when at the time of founding the new state the minor Baltic states seceded themselves from the former Russian territory the then Soviet Government uttered no word of opposition, testifies to her cherishing no territorial ambition in her present national policy. Unless, therefore, Japan deliberately steps on the tail of the Red Bear it is unlikely that it will pounce upon us.

America, Russia, Britain and China

There was held a meeting of noted critics to discuss the aftermath of Japan's recognition of Manchukuo in the world diplomacy, and the *Bunaei Shuniu* published the result in its October number. The following passages are what I consider most significant in it. What is regrettable is that in their impulsive expression of ideas there is neither head nor foot—like passing wind. Lieut.-Col. Kasahara, General Staff Office; Dr. Kamikawa, Professor of the Tokyo Imperial University; Mr. Kishii, Tokyo *Nichi-Nichi;* Mr. Kamei, Member of Parliament.

Mr. Kamei: In my view the Soviet move of gathering nine army divisions on the Manchurian border is nothing but a gesture. I am rather afraid that a smooth negotiation now conducted between Russia and America may finally lead to an altered attitude of Russia.

Dr. Kamikawa: The Hoover Doctrine often referred to by Col. Stimson, seems to indicate that the present state of things in Manchuria was brought about against Anti-War Pact and Nine-Power Treaty, and naturally such a state of things in Manchuria ought not to be within possibility of receiving juridical recognition. From this it is quite obvious America will remain aloof from the recognition as long as possible, which attitude of America, however, will not necessarily induce Russia to co-operate with her. Besides, judging from what little interest America has in Manchuria and the old established position Russia occupies there, it is unreasonable to think that there may be born any agreement between them in consequence of Japan's Manchukuo recognition.

Mr. Tadao Suga: Did Russians entertain goodwill toward Japan at Geneva?

Lieut.-Col. Kasahara: No. Russia has taken Japan as an aggressive country of Imperialism and feared that she may advance to Siberia through Manchuria. After the Manchurian Incident her troops stationed in western Russia have been removed to the east to prepare for the worst the realization of which the Russians feared more in the east than in the west of their country. They were greatly pleased to see Japan wrangle at the League session.

Mr. Kamei: What do you think are the Soviet opinions about Japan's Russia policy?

Lieut.-Col. Kasahara: They may not dream of Japan's taking the lead of anti-Soviet movement in future, but at least it is possible to surmise that they are afraid of her playing a leading role in the east....In my own judgment it was not only America but the abetment of Britain at her back that created the unfavorable atmosphere toward Japan in Geneva.

Mr. Kishii: What Lieut.-Col. Kasahara just said, I believe, is quite certain. Brtain's manoeuvres were most responsible for pushing the League atmosphere to such an extremity. Indeed, Britain is a first-class hand at diplomatic manoeuvres: she does her job always at others' back so that she may escape hatred.

Mr. Kamei: Once when Japan made an approach at the Foreign Minister's unfriendly utterances the Premier at once effected a change.

Mr. Kishii: In those days Britain took it in mind to bring strong pressure of the League upon Japan and if she failed to withstand the oppression and gave in, to settle up the question by the League's power. She showed her characteristic tact when she realized that the plan bore no fruit. Her dodging at finding herself in an awkward situation is a prototype of the British diplomacy.

Mr. Kamei: Britain has long been harboring ill-feeling against Japan's Manchurian policy. Her opposition must come from the China policy and not from her League connection.

Lieut.-Col. Kasahara: I think so, too.

Mr. Kishii: Fundamentally it must be so. Britain inwardly fears that Japan may grow up most influential in China. If Japan steers the helm of Manchukuo, develops its natural resources and becomes really great, the foundation of the Ocean Kingdom might be shaken.

Dr. Kamikawa: Those who recognize Manchukuo may profit through forming agreement or conducting negotiations but those which do the opposite remain outside, unable to conclude a commercial treaty. This is all true, but the question is China's following the footsteps of the Powers who may remain without recognizing the new state.

Mr. Kishii: There is no need of China's early recognition. I think.

Dr. Kamikawa: I fear China's attitude of non-recognition may jeopardize her diplomatic relation with Japan and a serious consequence may be the result.

Recent Additions to the University of Nanking Staff

W. P. Fenn, Ph.D., B. A. Slocum, and W. Reginald Wheeler joined the staff of the University of Nanking last week. Dr. Fenn has been appointed head of the English Department. He is the son of Dr. and Mrs. C. H. Fenn, of Peiping. Mr. Slocum has been assigned to the Department of Agriculture of the University. Dr. Fenn and Mr. Slocum will be in the North China Union Language School at Peiping during the coming year. Mr. Wheeler has returned to China after an absence of thirteen years and will assist in the English Department of the University.

Additional members of the University staff who began work in Nanking this autumn are Mr. and Mrs. C. H. Riggs and Mr. and Mrs. S. F. Goodsell. Mr. and Mrs. Riggs have been stationed at Shaowu, Fukien; Mr. and Mrs. Goodsell have finished a year's work in the North China Union Language School at Peiping. Both Mr. Riggs and Mr. Goodsell are on the faculty of the College of Agriculture.

The Lytton Report

BY PAUL K. WHANG (王仲芳)

AS anticipated in one of my previous articles, the League's Commission of Enquiry has recommended in its Report that China and Japan should settle their squabble over the control of Manchuria through direct negotiation. It has prepared a tentative agenda, and invited both disputants to negotiate according to it.

Such a recommendation occasions us no surprise, because it is only a natural and logical conclusion, by means of which the machinery of peace, which has already been tested to its breaking point, can be saved from its final collapse.

In reading the Report, we must always keep in mind the impotency of the League, the defiant attitude of the Japanese, and the difficult conditions under which the Commission conducted its investigation; and therefore we must be reasonable in our expectation of its findings and recommendations. Taking the Report as a whole, we must acknowledge that it represents something more than we dare expect. However, in saying so, it does not mean that we are perfectly in agreement with its findings and content with its recommendations.

In the first eight chapters of this voluminous Report, the Commission has striven to present facts relative to the happenings before and after September 18, and its views are more or less fair and impartial. But in the last two chapters wherein are embodied its long awaited recommendations, it has consciously or unconsciously foregone its impartial attitude and sadly taken for granted Japan's claim of her special position in Manchuria.

Terms Used in Report Are "Mild"

In guarding the future peace, it has refrained from assessing the blame and buried the past as much as possible. In exaggerating Japan's economic importance in Manchuria, it has belittled China's sovereignty and integrity. And in accepting the realities of the situation, it has sacrificed the ideals and principles.

Throughout the Report, the terms are exceedingly mild and moderate in tone. The destructive Shanghai war and Nanking bombardment are referred to as "operation" and "incident" respectively. The causes of the Tientsin disturbance and Nanking bombardment are not disclosed because their accounts are said to be "conflicting and obscure." Never in one single instance has Japan's action been stigmatized as aggressive.

Undue importance has been laid on the boycott movement and a whole chapter has been devoted to its discussion. Without offering any substantial proof, the Commission has charged the Chinese government with giving aid to the boycott movement. In making this challenge, it has evidently accepted the Japanese version of the boycott situation. As a matter of fact, the boycott is only a result of Japan's aggressions, and its development is spontaneous and popular without the need of any official instigation and aid. In attributing this public demonstration to official instigation, it has totally ignored the popular sentiment of the present day China.

The Commission has also hypnotized us to believe that the Chinese anti-foreign movement is one of the principal causes of the Sino-Japanese dispute. In saying so, it has sadly forgotten to mention why the Chinese have been antagonistic in feeling against the Japanese. It must be noted that friendship is reciprocal. While the Japanese have heaped upon us humiliations after humiliations since 1915 when they enforced upon us the infamous Twenty-one Demands, how can the Chinese be expected to entertain any friendly feeling toward them?

Moreover, China's struggle for her legitimate rights can not be interpreted as anti-foreign. If the other Powers can only follow the noble example of the United States and be sympathetic toward the Chinese aspirations, all the ugly incidents which marred the Sino-foreign relations in the past decade would never have occurred. For centuries the Chinese have been inculcated to love their brethren regardless of color and race, and the sporadic outburst of anti-foreign feeling is only a natural response to the wrongs perpetrated by foreign imperialists.

Aside from these distorted facts, the Commission must be credited for its frankness in stating that "the damage, if any, to the S. M. R. was not in itself sufficient to justify military action," that "the independence movement which had never been heard of in Manchuria before September 1931 was only made possible by the presence of the Japanese troops," and that "the present regime of Manchukuo can not be considered to have been called into existence by a genuine and spontaneous movement."

From these statements, one can easily deduce that China is the injured party and Japan is the aggressor in her attempt to disturb the peace and order of the Far East. Therefore in its recommendations, it is naturally expected that the wrongs should be redressed and justice upheld. But contradictory to its findings, the Commission, in order to uphold Japan's claim of her special position in Manchuria, has recommended that Manchuria should become an autonomous and demilitarized state, that an Advisory Conference should be convened to discuss its administration by the representatives of the Chinese and Japanese governments, and that the new administration should engage foreign advisors of whom a substantial proportion should be Japanese.

According to the recommendations, though China still retains her sovereignty over Manchuria, yet what will that sovereignty amount to, when she can not maintain her troops in her own territory? Nominally Manchuria will be considered as a part of China, but in reality it will become a Japanese state, or an international hunting ground at its best.

Can it be said as a justified solution that because of Japan's claim of her commercial interest in Manchuria China should make it an autonomous and demilitarized state, the administration of which will be participated in by the Japanese? If such is the case, a dangerous precedent will be set up. Henceforth Great Britain can follow the Japanese example by forcibly occupying Tibet and make it an autonomous state on the pretext of her preponderating commercial interests over there. France, too, can satisfy her long cherished wish by setting up an autonomous state in Yunnan and Kwangsi. And Japan, encouraged by her initial success, will likely intensify her aggressions and apply the same tactics to Shantung and Fukien. Gradually China will be broken up into numerous autonomous and demilitarized states, each of which will be dominated by a certain foreign Power.

What is true of China is also true of other small and weak countries. A strong Power can on the excuse of self-defense wrest a rich province from a weak neighbor and turn it into an autonomous and demilitarized state under its domination. If this camouflaged land-grabbing practice is legalized and encouraged, it is useless to talk any more about disarmament and the preservation of world peace.

What Have the Japanese to Find Fault With?

That the Japanese government should find fault with the Report is really inexplicable. It may be recalled that in the League Council's and Assembly's meetings the Japanese have reiterated the mal-administration of the past Manchurian regime, Japan's special commercial position in Manchuria, and Japan's need of an outlet for her overcrowded population. All these Japanese complaints and demands have been amply taken care of by the Commission in recommending that an autonomous and demilitarized state should be set up with the participation of Japanese advisors in its administration, that a new Sino-Japanese treaty dealing with Japanese interests should be negotiated, and that the right to settle and lease land in the whole of Manchuria should be accorded to the Japanese.

Thus the Japanese have all their demands met. Their economic position in Manchuria will be strengthened, and their population problem will be solved. If they are still not satisfied with this solution, then there is no other way to satisfy them than to let them annex Manchuria. By giving formal recognition to Manchukuo seventeen days before the publication of the Report, Japan has clearly shown to the world that she will not by any means abide by the findings and recommendations of the Commission.

To the Chinese, the Commission's recommendations are far from being satisfactory. China is an injured party, but receives no redress of her wrongs. Manchuria is China's territory, but she is only given a nominal sovereignty. In consideration of her hopeless and helpless position, while she is not in a position to drive the Japanese soldiers out of Manchuria, she has to accept any solution better than the complete separation of Manchuria from China. Notwithstanding the vigorous protests of the people, the government will accept the Report as a basis of the solution of the Manchurian problem.

Now the Report has been published, and the facts are known to the world. In spite of the unsatisfactory recommendations, China will find consolation in gaining a moral victory as a result of the increased sympathy of

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the world with China by the publication of the Commission's findings. In view of the League's past inactions and Japan's uncompromising attitude, it is problematical whether the League will have the temerity to adopt the Report. China has waited more than one year for a solution from the League, and her patience has been taxed to the limit. For the sake of world peace and justice, the League must act now or never. In the meantime, we will have to take the Asquithean advice: Wait and see.

Shanghai, October 11, 1932.

Bureau of Social Affairs Compiles Cost of Living Index

The Bureau of Social Affairs of the City Government of Greater Shanghai has just issued the "Cost of Living Index Numbers of Laborers, Greater Shanghai, January 1926—December 1931." The publication is a month late owing to the destruction of the Commercial Press by the Japanese last January.

The report of the Bureau reveals that there is a close connection between political and social developments. The National Government has since 1928 helped to reduce labor conflicts or to effect their speedy settlement by creating and enforcing new labor laws. The results of the Bureau's investigations as to wages, hours of labor, cost of living and standards of living reveal in exact figures the true status of labor. Shanghai boasts of a labor force of 285,000 workers in the 21 main industries of which textiles are the foremost in magnitude and importance. The cotton spinning industry alone employs 40 per cent of the total number of factory workers in the city. Of this well-nigh a third of a million workers, 30 per cent are men; 60 per cent women; and 10 per cent children. The preponderating proportion of women is due to their peculiar adaptability to textiles and cigarette manufacturing, and also to the lower wages they command. The great majority of these laborers work from 11 to 12 hours per day, and generally with only 2 or 3 days off a month instead of Sundays. Their wage averages per hour are: for men, $0.073; for women $0.044; and for children, $0.034. The average expenditure per month for a family of 4.62 persons or 3.28 equivalent adults, (Atwater scale), is $37.86. Of this sum the family has to spend $20,13, or 53.2 per cent, for food; $2.83, or 7.5 per clothing; $3.15, or 8.3 per cent, for rental; $2.42, or 6.4 cent, for per cent, for fuel and light; leaving $9.33, or 24.6 per cent for all other expenses. The last named figure seems not too low a one when compared with similar studies in other countries. This includes education, recreation, accidentals, medicine, social, religious, and festival occasions.

Dr. Arthur Smith, True Missionary Statesman

(Christian Century, Sept. 14)

Every once in a while someone is referred to as a "missionary statesman," and frequently we find ourselves wondering what the term implies. Generally, the person so designated is an executive of some mission board or association of boards who has shown an ability to sketch vast programs requiring the raising of huge sums, and usually far beyond any hope of immediate realization. But if we had to give our idea of a true missionary statesmanship, we could do no better than to point, as a specific instance, to Dr. Arthur H. Smith, who died at the age of 87 in a California retreat the other day. Dr. Smith spent 54 years in China A little, quick, inexhaustible man, whose words came tumbling out too swiftly for the dull of ear to follow, and whose mind worked far too fast for the dull of understanding to keep up with, he made it the business of that half-century to know the Chinese. This insatiable curiosity concerning the people among whom he lived had but one purpose—that he might help to make them understood by the people who had sent him to China. Out of that desire came two books, "Chinese Characteristics" and "Village Life in China," both now more than a generation old, but both retaining immense value, as their translation into many languages has testified. And out of the same desire came his persuasion of President Roosevelt to recommend to Congress the remission to China of the unused portion of the Boxer indemnity funds for the education of promising young Chinese. For though he had passed through the siege of Peking, Dr. Smith understood too well the motives of misguided patriotism which had launched that horror to believe that it merited punitive damages. Arther H. Smith actually succeeded in mediating between two cultures. And that is missionary statesmanship.

Manchukuo Will Encourage Opium While Pretending to Suppress It

Prof. Dr. H. Kubota of the Faculty of the Manchuria Medical University College, Mukden, discusses the Opium Question in Manchuria, in recent issues of the *Manchuria Daily News*. He says the anti-opium policy of Manchukuo must be drawn up in principle in observance of the agreement signed at the International Opium Conference, taking into reckoning conditions peculiar to Manchukuo. The aim of the policy, Dr. Kubota says, is to suppress opium-smoking, that is to say, the elimination of this vice and prevention by all means of appearance of fresh opium addicts; but the existing addicts should be permitted to retain the habit for the present, subject to a gradual decrease of the amount taken so as to let them reach the stage of voluntary casting-off of the habit. If, in future, says Dr Kubota, "self-awakening of the people, adequate government control, and the improvement of social institutions to help in the anti-opium crusade should encompass a successful check of the appearance of fresh addicts, in 30 to 40 years' time, the existing addicts will depart this life, fulfilling the expectation that all opium addicts become extinct. However, as a practical question, the end may not be attained so easily, but granting the outlay of sufficient effort, a result at least approaching the final aim of the anti-opium policy will be achieved. However, in case the opium policy based upon profit-clearing, as is in several districts, is followed, no desired results will be gained till the Greek calends. It would seem that, as a practical policy, government institutions should be created to emphasize the nefarious effects of opium-smoking and to warn off the people, but at the same time keep under unified control the production of, dealing in, distribution of, and demand for, opium. Again, scientific, and especially medical, researches concerning opium and opium addicts should be prosecuted to help attain the object of the anti-opium campaign."

New Regulations Provide for Reorganization of Chinese Courts

The Legislative Yuan, at a meeting in Nanking October 8, adopted a set of regulations concerning the organization of Chinese courts, which are now divided into three grades: (1) district courts; (2) higher courts and (3) the supreme court. District courts are to be presided over by one judge, but there may be three judges when the court deems it necessary. The higher courts will be presided over by three judges, while the supreme court will be presided over by three to five judges. District courts are to be established in each hsien or city and are to have under their jurisdiction civil and criminal cases. Higher courts are to be established in each province or special administrative area and to have under their jurisdiction: (1) appeal cases from district courts; (2) cases involving "internal disturbance, external menace and prejudicial foreign relations" and (3) cases of appeal protesting against the jurisdiction of the district courts. The supreme court is to be established at the seat of the National Government and is to have under its jurisdiction appeals from first and second trials in the higher courts and appeals against the jurisdiction of the higher courts.

Japanese Major Held for Killing "Manchurian" at Mukden

Major Yoshimatsu Kurata and two other Japanese officers were held at the Mukden gendarmerie headquarters recently for examination together with two Japanese residents, concerning the murder of Cheng Kwang-he, manager of the Shenhai Market, in that city. Cheng's body had been abandoned on a sand hill south of the walled town of Mukden.

Examination of the arrested men revealed that Koshichi Nishioka, a Japanese contractor who invested Yen 80,000 in building the Shenhai market, had been at variance with Cheng, the proprietor of the market, over the sharing of the profit. Some time ago, Cheng was deprived of the proprietorship of the market due to failure to repay a loan to the Shenhai Railway Bureau, which increased the indignation of Mr. Nishioka, who is alleged to have eventually asked the Japanese officers to murder Cheng, whom the Japanese dispatches describe as a "Manchurian."

What Japan Achieved After One Year of Manchurian Occupation

BY SHEN HSUEH-CHUAN (沈學傳)

ONE full year has elapsed since the Japanese occupation of Mukden in the fateful night of Sept. 18, 1931. Within this period of time, Japan has accomplished much in her aggression and successfully carried out her three initial stages of absorption of the territory: the military occupation of entire Manchurian provinces, creation of the "Manchukuo" in last March and official recognition of the puppet regime on Sept. 15.

Since the assassination of the late Japanese Premier Inukai and following the formation of the present Saito Cabinet, the Japanese Army group has "reigned" supreme in Japan and ruthlessly pursued its policy of annexation of Manchuria and Mongolia. The Saito Cabinet, working hand in hand with the militarists, has employed both its political and diplomatic influence to assist the latter in realizing their ambition. On June 4 last, Premier Saito announced the nine points of his positive Manchurian policy, in which, he threatened Japan's withdrawal from the League of Nations, if it opposes to its policy; conciliated the Soviets by declaring Japan's non-aggression on Russian interests in the Chinese Eastern Railway; announced Japan's definite decision to recognize Manchukuo. Saito also declared that the Nine-Power Treaty is inapplicable in the present situation and should be revised. Since his pronouncement, she has actually carried out her decision of Manchukuo recognition on Sept. 15. In order to unify Japan's control of Manchuria and supervise the Puppet regime, the Japanese Government has appointed Gen. Muto as its Ambassdor plenipotentiary to Manchukuo and concurrently Commander-in-chief of the Japanese Forces in Manchuria. Muto reached Changchun on Sept. 13 and has already assumed his office with headquarters at Mukden.

In order to pacify Manchuria, the Japanese Militarists have made vigorous attempts to suppress the Chinese volunteers who have spread throught the entire territory of Manchuria and have been giving the Japanese serious trouble. Immediately following the conclusion of the Shanghai Hostilities, the Japanese transferred all their available troops to Manchuria to engage the volunteers. To facilitate direction of operations, the Japanese Military has removed their Field-Headquarters to Harbin. At present, it is estimated that more than 79,000 Japanese soldiers are in active operation in Manchuria. At the same time, the Japanese are also preparing for war with Soviet Russia and recently dispatched Kanaya, the former Chief of Staff of the Kwangtung Garrison Army, to Kirin and Liaoning to conduct a military survey in anticipation of that eventuality. However, because of the adverse public opinion in America, the Japanese have sent Dr. Notobe to that country to engage in propaganda work and to appease the indignant feelings of the American people. Since France has been friendly towards Japan, it has been given special preference to invest in Manchuria. For the non-interference of Great Britain in her Manchurian adventure, Japan has recognised the British special rights and interests in Shanghai. In one word, Japan is trying to hoodwink the various countries in order to distract the attention of the world from her present adventure of Manchurian Conquest. Although the volunteers have been the most harassing to the Japanese during the past year, Japan has been able to realise her premeditated plans of gaining supreme control of Manchuria through the creation of the puppet "Manchukou."

The Puppet Manchukuo

Despite the repeated reiterations of Japan that she has no territorial designs in Manchuria, the so-called "Manchukuo" is nothing but her puppet organization and exists only in name. Except some nominal posts which are being held by puppet Chinese officials or Manchu adventurers, all important administrative offices are in the hands of the Japanese and Japanese advisors are attached to practically every organ of the puppet government. No appointments of the Manchukuo can be made without the sanction of the Japanese. In the three Provincial Governments and local administrations, Japanese influence likewise dominates with their never-exhausted supply of "Advisors." Regarding the Japanese military forces in Manchuria, there are now besides the 20,000 railway defense guards of the South Manchurian Railway, more than five full Divisions in active service. In order to cope with the rampant activities of the Chinese Volunteers, it is said that more troops are being dispatched from Japan.

The Seizure of Communications

Shortly after the Mukden Affair, Japan reorganised the Northeastern Communication Committee and siezed all Chinese railways in Manchuria. Several new railway lines are being constructed and many extensions planned. The S. M. R. Company has increased its capital to Y. 880,000,000 and is working to incorporate all the Manchurian Railways into one compact system under its control. Although the S. M. R. has its official termination at Changchun, new branch offices have been established at Harbin, Tsitsihar, Taonan and many other places. At present, the Mukden-Hailung, Kirin-Changchun, Kirin-Hailung and Kirin-Tunghwa lines are connected into one single system to serve as a feeder to the S. M. R. The Szupingkai-Taonan and Taonan-Angangchi Lines are also operated by the S.M.R. Besides reorganising the existing railways, the Japanese have started to construct two new lines. the Kirin-Huining Line with a sum of Y. 35,000,000 from the S. M. R. and Changchun-Talie Line with a sum of $30,000,000. Work on both Lines has already been started and is expected to be completed before the end of this year. In addition, more new Lines are projected, such as Ningnien-Heiho line, Yenki-Sungari Line, etc., These lines are to be built with a view to an eventual war with Soviet Russia in order to facilitate the dispatch of Japanese troops to the Soviet Border. However, despite Japanese projects, the work on railway construction has been greatly hindered by the activities of the Chinese volunteers. None has yet been completed.

Simultaneously with the expansion of the railway system, the Japanese have opened two air routes in Manchuria: the Dairen-Tsitsihar Route and Mukden-Sinyichow (in Korea) Route which are also operated by the S. M. R. Company. Although incidentally engaged in passenger and mail services, these two air routes are established mainly for military purposes as a means of spotting the volunteers and preparing for attacking Russia. For these purposes, huge military airdromes have been built at the various strategic points, such as Chinchow, Kupangtze, Shulan, Kirin, Hailin, Ningkuta, Harbin, etc., The Chinchow airdrome occupies an enormous area of 3,000 mow of land, which the farmer owners were forced to sell at a price of 60 cents per mow.

The telegraphic and telephonic systems throughout Manchuria have also been seized by the Japanese and are now under their firm control. The Northeastern International Radio Broadcasting Station at Mukden since its seizure has been used as an instrument for international propaganda. In order to closely connect Manchuria and Korea with Japan Proper, the Japanese Ministry of Communications has spent a sum of Y. 800,000,000 for the installation of a long-distance telephone system in the three territories, which was completed last August.

The third item of Japanese seizure is the Chinese Postal Administration in the Three Eastern Provinces through its puppet organ "Manchukuo." The Japanese at first imposes a strict censorship on all mail matters from and to "Manchukuo." Later, they found that the censorship was not efficient enough. They forthwith seized all the Chinese postal offices and expelled the Chinese postal workers from Manchuria.

The latest seizure by the Japanese through Manchukuo is the Chinese Customs Administration in Manchuria. The Customs revenues have been detained by the Manchukuo and both Chinese and foreign employees of the Customs have been expelled and replaced by Japanese. At Dairen and many other ports, new signs reading "Customs House of the Ministry of Finance of the Manchukuo" are erected. In order to further expand the Customs administration, the Manchukuo is reported to have decided to establish several new Customs stations at Shanhaikwan and several important places along the Manchurian-Jehol border.

Seizure of Mines

Mineral resources of Manchuria have always been the chief attraction to the Japanese. Almost immediately following the occupation of Mukden, the Japanese reorganised the Bureau of Industry of Liaoning Province and through that agency, seized all the Chinese owned and operated mines in the Province. The Fuchow Coal Mine in Liaoning, formerly operated by the Northeastern Mine Co., was occupied by Japanese troops on Nov. 2 last year. The S. M. R. Company appointed one Iwane Motogo as the head of that mine and appointed six other Japanese as advisors. The Shian Coal Mine was captured on Oct. 7 last and is also under the control of the S. M. R. Company with a Japanese by the name of Ata as its managing director. Besides coal, the Japanese are also hunting,

for gold and have dispatched groups of mining engineers to prospect gold mines at Taheiho in Heilungkiang Province. The Japanese Oriental Exploitation Company has made a secret agreement with Hsi Chia, puppet Governor of Kirin, that the gold mine of Muling and the forests along the Kirin-Tunghwa line, which are two well known natural resources in that part of Manchuria, should be developed by the Company. In addition, the Orient Exploitation Company has also invested heavily in these coal mines at Wangching, Ilan and Mishan respectively. Other mines in Liaoning seized by the Japanese include Peipiao Coal Mine, Sinchen Coal Mine, Samaehuan Gold Mine, Paotahan Coal Mine, Hwangtukan managanese mine, etc. All these mines are being developed by the Japanese under the name of Chinese. In view of the importance of lead for use in the manufacture of parts of airplanes, The Japanese Government has dispatched Dr. Takasha, head of the Municipal Industrial Research Institute of Osaka to make a survey of the possibilities of lead mining. As a result of the investigation, five lead mines have been discovered at the following places, Fuchow, Tawiechiatun, Benshi, Yentai and Tienyifuman. The total deposits of lead in these five places are estimated to be over 150,000,000 tons.

Cultural and Financial Interference

In order to "Japanize" Chinese residents on cultural lines, Japan has completely reorganised Chinese educational system in the Three Eastern Provinces and altered the contents of Chinese textbooks used in schools. Since the occupation of Mukden, a Japanese named Adachi has been appointed as advisor to the Bureau of Education of Mukden who has carried out the reorganization of the Chinese educational system after the pattern of the Japanese. All Chinese textbooks have been re-edited to suit the Japanese purpose and Chinese nationalistic sentiments are suppressed. Dr. Sun Yat-sen's People's Three Principles have been replaced by the "Four Books" of Confucius. A course in the Japanese language is included in the curriculum. Chinese history and geography have been fundamentally altered. According to a Japanese report, a total sum of Y. 190,000 has been spent for the re-editing and printing of the new textboods.

The financial organs in Manchuria of course have been affected by the Japanese occupation. All the Government Banks, such as the Three Eastern Provincial Banks, Colonization Bank and other financial institutions have been reorganised and many Japanese appointed as directors and advisors in place of the Chinese. Recently, the Japanese have instructed the puppet Government of Manchukuo to establish a Central Bank with the Japanese Yamanari as its director-general, which should control all the provincial banks so as to unify the financial administration of Manchuria under one fiscal organ. The bank starts with capital of $ 30,000,000. Of this sum, 15 millions have been seized from the Three Eastern Provincial Banks, while the remaining sum was borrowed from the Chosen Bank and Shantanshansung Co., on the condition that Manchukuo should cede the Chientao district and Hunchun to Japan. Its Head Office is at Changchun with branches at Mukden, Harbin, Kirin and Chinchow, and smaller branch offices at 180 different places.

Japanese Colonization Scheme

To acquire land rights for the Japanese emigrants to Manchuria, the Japanese Military have forced the Chinese farmers to sell their lands at the price of 60 cents per mow. The chief agency for this work is the Chaowa Agricultural Company, organised by the Japanese capitalists in Mukden. The Company has seized and destroyed all the archieves and seals of the Bureau of Finance of Mukden and deprieved the owners of lands by counterfeiting their title-deeds. Through this means, a large area of land west of Mukden station has been confiscated. Another way of seizing land from Chinese farmers is by means of perpetual lease or long term lease of 30 or 40 years without right of redemption within the period. The third way is official cession of land by the Manchukuo Government and an instance of this is the ceding of the highly-fertile lands of 90,000 mow on the two banks of Liao River to the Japanese Government for colonization purpose. The Japanese use Koreans as vanguards in their colonization and later let the Japanese immigrants seize their lands after being cultivated. At Mukden, a Colonialization Traiding Bureau has been established to undertake the work systemtically.

Activities of Chinese Volunteers

Gen. Ma Chan-shan, Chairman of Heilungkiang Provincial Government, is the first Chinese military leader to offer strong resistance to the Japanese military forces since their occupation of Mukden. He fought a bloody battle on the Nonni River and won fame as the hero of Manchuria. Because of inferior equipment and lack of supply, his Army suffered defeat at the hands of the Japanese and had to abandon Tsitsihar, Capital of Heilungkiang on Nov. 19 last year. Later, he purposely joined the Manchukuo puppet Government in order to learn the secrets of the Japanese and succeeded in double-crossing them. At an opportune moment, he deserted Manchukuo and again raised his standard against the Japanese aggressors. Since then, the Japanese have been making desperate attempts to suppress him and his Army. Despite the repeated reports by the Japanese that Gen. Ma was killed in action, however the hero of the Nonnin River Battle is still much alive and as ever energetic in his fighting against the Japanese.

Gen. Ma has set a brilliant example of patriotism and heroism, which has been emulated by thousands of his fellow compatriots in Manchuria. As his fame spreads and as the Japanese continue their aggressions, Chinese volunteer corps, the militias, National Salvation Armies, Self-Defense Armies, etc., spring up throughout the length and breadth of Manchuria. At present, there are altogether 67 Routes of the Volunteers with a total number of 300 thousand men, operating in various parts of the territory against the Japanese. These Chinese patriots have been stigmatized by the Japanese as bandits, but in truth, all of them are inspired by patriotic motives. According to an analysis of the character of their compoments, it is found that 25% of them are formerly Chinese soldiers, 20% are bandits, 5% belongs to the intellectual class and the rest 50% are farmers, shop owners or assistants and others from good families. They are motivated by one aim—drive out the Japanese aggressors and save Manchuria for China. Because of their heroic efforts against the Japanese many leaders of the Volunteers have risen to fame. The most noted among them are Gens. Li Tu and Ting Chao in Kirin, Gen. Tang Chin-mu in east of Liaoning, Gen. Wang Teh-ning between Yenchi and Tunhwa, Gen Li Hai-ching along the western section of the C. E. R., Gen. Feng Chai-hai, Gen. Shu Pin-wen in Hailar district, etc. In addition, there are 13 routes of volunteers in Jehol. Recently, the Volunteers have scored several big successes over the enemy. They attacked and raided Mukden, inflicting many casualties on the Japanese. Extensive damage was done to the Mukden Arsenal and 13 airplanes were destroyed by fire. At present, the activities of the Volunteers become more and more rampant and many leading cities, including Chungchun, Harbin and Mukden are being threatened. In order to overthow the Japanese puppet agency, Manchukuo, the various armies of Volunteers are planning to launch a general offensive on the Japanese in all parts of Manchuria in the near future. The Volunteers swear that they will never abandon their cause of combatting the Japanese invaders, so long the Japanese continue their aggressive actions in Manchuria and Manchukuo exists. The war will be carried on to a bitter end, until Manchuria is restored to China.

Japanese Ambitions in Outer Mongolia

Not satisfied with occupying Manchuria, the Japanese militarists are harboring territorial designs on Outer Monglia, which territory they are attempting to seize and incorporate into Manchukuo. As a preliminary step towards realization of their object, they have recruited a large number of White Russians and organised them into volunteer corps to raid the Soviet borders. The White Russian General Hsiehminov has been made commander of the Russian volunteers and supplied with funds and ammunition by the Japanese. Under the instigation and direction of the Japanese, the White Russians are plotting to create a new Russian State in the Bargar District and Manchuli Border.

While utilizing the White Russians to harass the Soviets on the one hand, the Japanese on the other are also inciting the Mongolians themselves. Prior and after the occupation of Mukden, the Japanese have been intriguing with adventuring Mongolians in Outer Mongolia. Six years ago, Japanese espionage officers began to train and organize a small Mongolian Army at Payentala (Tungliao) which has been placed under control of the Japanese Kwantung Garrison and financed and ammunitioned by the latter. In the Spring of the year, this Mongolian Army marched through Jehol and launched an attack on the border of Outer Mongolia. It was overwhelmed by the Cavalry corps of Outer Mongolia officered by the Russians and was driven away. At present, the Japanese are concentrating their efforts in an attack on Jehol in order to occupy that province, which they will make their base of operations for invasion of Outer Mongolia.

Japan Meeting Its "Waterloo" In Manchuria and Geneva

BY C. Y. W. MENG 孟憲彝

WHEN the Japanese militarists, without any provocation, invaded Mukden on the fatal night of September 18, 1931, and afterwards succeeded in occupying the whole of Manchuria with such speed and ease, it convinced the invaders that they had occupied Manchuria *once for all!* So they forged ahead to consolidate their position in the "newly conquered land," but they could never imagine that the Chinese there, one year later, would put up such an effort for the recovery of the "lost territory" with such success as to advance to the city gates of Changchun, the new capital of Manchukuo, the puppet of Japan!

A full account has already been given in *The Review* of the numerous successes of the Volunteers in various parts of Manchuria. These successes were gained by the Volunteers fighting with primitive weapons against tanks, airplanes, modern artillery, etc., in Japanese hands. On many occasions, the Volunteer, having no guns at all, engaged in hand-to-hand fighting with the Japanese forces who replied with machine guns, etc. But nevertheless the Volunteers scored many victories and as mentioned before, actually advanced as far as to the gates of Changchun, which was undoubtedly strongly guarded by the Japanese forces. This accomplishment was not due to the Volunteers' ability in fighting and superiority in arm equipment but solely due to the genuine patriotism and strong determination of 30,000,000 Chinese residents to fight and to drive out the invaders from Manchuria, and to recover the lost territory to China, irrespective of whether they have any modern fighting weapons or any support or not. One visitor who recently returned from Manchuria told the writer that every Volunteer before going to the battle-field had expressed a willingness to die "at the ratio of 1 to 10," that is, the Chinese are ready to sacrifice ten lives for one Japanese. That is the reason why despite the heavy causalities on the Chinese side in every battle, the Chinese Volunteers are not discouraged, but continue on to fight. It is not infrequent that there are several hundred Chinese Volunteers killed and wounded in one battle, while there might be only a few dead or wounded on the Japanese side. The presence of General Muto in Manchuria and the accordance of formal recognition to Manchukuo by the Japanese Government only tended to encourage the Volunteers to fight more desperately than ever before. By now the invaders should know that the Japanese military activities and occupation of Manchuria are not only contrary to the world public opinion but also against the will of 30,000,000 Chinese in Manchuria—whom it is impossible for Japan to subdue by means of force.

Japan's Prospects at Geneva

While the Japanese militarists are meeting reverses in Manchuria, the Japanese prospects at Geneva are no longer so bright as before.

Mr. de Valera, chairman of the Council of the League of Nations, really had thrown a bomb against Japanese aggression when he expressed his "regret" to learn that the Japanese had taken such action—meaning the recognition of Manchukuo without waiting for the discussion of the Lytton Report or "even without waiting for its publication." The chairman is undoubtedly voicing the opinion of the League!

According to the *Reuter* correspondent at Paris, it is authoritatively stated that "France has never for a moment considered recognizing the state of Manchukuo, and she will await the Lytton Commission's report and stand by the decision of the League of Nations."

The American Government has also taken a keen interest in the Manchurian issue. It is reported that as a result of the Reed-Herriot understanding, the American Government agreed to support France in her rejection of the German demand for parity of armaments in the Disarmament Conference, in return for which France agreed to support the American policy in the Manchurian situation.

When the whole situation is analyzed, it is somewhat as follows:

The Manchurian situation, as created by the Japanese forcible occupation, has now become not only a problem concerning China and Japan alone, but also concerning the other powers, such as America, Britain, France and Russia. It is not a crisis facing China alone, it is really a risis facing the world. The Manchurian problem is a "Balkan Problem"—which faced the world just before the outbreak of the Great War of 1914 to 1918. It is up to these four Powers—whose actions would decide whether another Sino-Japanese war would be inevitable or would be avoided.

America Most Interested in the Situation

Among the four Powers, it is fair to say that America is most interested in the Manchurian situation, while the policy of the other three powers may well be characterized as "indifferent."

There are two reasons why America is so interested in the situation, so far as the Chinese interpretation is concerned. In the first place, America wants to defend the Open Door Policy in China and the Nine-Power Treaty. If the League's Covenant with the support of 54 nations can not be upheld to check the Japanese aggression in China, there would be no more hope for America to uphold the Nine-Power Treaty. So America has to voice its opinion now and to offer its cooperation to the League, for by cooperating with the League America is indirectly upholding the Open Door Policy and the Nine-Power Treaty.

Secondly, America has little desire to go to war with Japan. Further in view of the fact that through agreement, America has undertaken no step to fortify her naval base in the Far East, America is not in a position to fight with Japan. America wants to uphold the Open Door Policy and the Nine-Power Treaty, etc., not necessarily by means of a war, which is the very thing that the League's Covenant, the Open Door Policy and the Nine-Power Treaty sought to avoid, but through diplomacy. So, since the outbreak of the Manchurian outrage, the American government has been taking all possible diplomatic actions with a view to saving the whole situation, while, strange to relate, China, the suffering party, has not taken any action towards that direction.

At the outset of the Sino-Japanese trouble, the American Government immediately got into touch with the British Government for taking some joint or common action to end the Sino-Japanese embroglio. Unfortunately, due to Secretary Simon's policy of being "friendly to both" (Japan and China) and partly due to Japanese diplomacy to keep America and Britain apart, America failed in her attempt.

At the same time, reports were in circulation that France was really sympathizing and supporting the Japanese action in China. America was "almost isolated". For a time, America turned her attention to Russia. The problem of restoration of diplomatic relations with Russia was hotly debated and discussed in Congress.

Russian Policy Analyzed

Undoubtedly, Russia is a very important factor in the Manchurian issue. At present, apparently, both America and Japan are exerting some efforts to win the favor of the Russian Bear and to induce Moscow to come to the side of Washington or Tokyo. Probably in order to avoid embarrassment and to avoid being involved in the Sino-Japanese issue, the Russian Government has purposely adopted an ambitious and self-contradictory policy or a policy of "friendly to all" (America and Japan). That explains why the policy adopted by the Russian Government since last September makes one doubt "just where do the Soviets stand on the Manchurian Issue?" On the one hand, it is reported that the Russian authorities permitted the dispatch of consuls by Manchukuo to Siberia, including Vladivostok, Habarovsk, Blagoveschensk, and Chita. On the other, some officials from Manchukuo were refused by the Russian authorities to travel by way of Valdivostok and the Trans-Siberian Railway. On one hand, it is reported that the Russian authorities concentrated the Red troops on the border of Manchuli, as though a Russian-Japanese war might break out immediately. On the other, it is repoted that the Russian Government has sent a special envoy to Manchukuo with a view to adjusting the diplomatic relationship between Russia and Manchukuo. On one hand, Russia is entirely silent when Japan officially granted recognition to Manchukuo. On the other, Russia agreed with the American proposal that the American Government would recognize Russia if the latter would give Kamchatka to the U. S. as a naval base and would refrain from recognizing Manchukuo and would recognize the Hoover-Stimson policy in the Far East. On one hand, Russia is talking with America about the

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restoration of diplomatic relations between them. On the other, Russia is selling 200,000 tons of petroleum to Japan, which is tatamount to the supply of war materials to Japan, and disturbing the petroleum production in America.

On the surface, it is true that as the Five-year Industrial Plan is now near its completion, the Russian authorities would not and do not intend to permit a little thing like Japanese aggression in Manchuria to interfere with the main idea. But underneath there is another idea in the mind of the Moscow authorities. At present, both China and Japan are engaged in a bitter dispute over Manchuria. If Japan fails in her attempt, a proletarian revolution, which is already brewing in Japan, is sure to break out to overthrow the present military regime. If China fails to take back the "lost territory," the fall of the present government and an uprising of more radical elements, which are already very active, is sure to result. But in both cases, it is a "golden chance" to the Communists to further their Communist campaign in the Far East! So Russia would not take any definite policy or action now. Moscow would never be sincere in talking with America over the restoration of diplomatic relations; with Japan, over the recognition of Manchukuo; or with China, over the outstanding diplomatic problems. The Russian present policy is essentially a policy of "friendly to all, and enemy to none," while riding on the fence to grasp whatever opportunity that may arise to profit herself in the "troubled waters!"

Probably, due to the discovery of the insincerity of the Russian Government, the American Government decided to put aside the talk of the restoration of diplomatic relations with Russia and turned to France for some understanding, taking advantage of the fact that Herriot is now in power—whose policy in the Manchurian issue is materially different from his procedessor, and further in view of the fact that France is just now anxious to get some one to "back her up" in her rejection of the German demand for parity of armaments in the Disarmament Conference.

Having reached some understanding with France, we believe, America would have no difficulty in reaching the same with Great Britain. Though Simon, the most pro-Japanese in attitude, is now handling the foreign affairs for Great Britain, MacDonald, a strong advocate of Anglo-American cooperation, is powerful enough to influence the policy of his government. The "Almighty Dollar" might well make some concessions to Great Britain with regard to the Reparation Issue in return for British support of the American policy in the Far East.

After the Sino-Japanese war in 1895, Japan forced China to cede to her the Liaotung Penninsula. But it was due to the intervention of three Powers, Russia, France and Germany, that Japan was forced to return the Peninsula to China. Will history repeat itself? Would these three Powers take some cooperative, joint or common action now—not necessarily armed intervention—to save the whole situation and to avoid another Sino-Japanese war in the Far East—which might develop into another World War; or would these Powers stand by and let everything go from bad to worse? This is the crux of the present critical situation! But it must be pointed out that America is enthusiastic enough to take every action, but this is not sufficient. Cooperation with Great Britain and France is important. So the British and French Governments must discard the "indifferent" policy in Far Eastern affairs and take more concerted action with America!

China Should Help Herself!

However, we should not be too jubilant over the sudden change of the French policy and the actions taken by the American Government, etc. God helps those who help themselves. This is true not only of individuals, but of nations as well. America, Great Britain and France might cooperate and take some action; there are still many ways for the Japanese to defy the League and to evade the actions taken by the Powers. Japan could easily hold up the resolution of the League's assembly by one vote. Japan could easily threaten to withdraw from the League jointly with Germany, when she might offer her support to the German demand for parity of armaments. In that case, the League would be put in the most helpless condition. Even if a conference of powers-signatory to the Nine-Power Treaty, is called, it would not improve the situation. Assuming that the powers are bold enough to take the last resort, such as the economic blockade against Japan, whether such blockade would be effective or not remains very doubtful. With Russia standing aloof, the economic blockade is not likely to have a pronounced effect, for Japan could easily get all her supplies from Russia. That is to say, there would be no other method that the powers could adopt except to go war with Japan!

From the above, it is clear that no matter what action the Powers might take it would not be of much help to China. China should help herself. She should take vigorous steps to prepare herself for any eventualities. Secondly, when the Lytton Report is discussed, should Japan still refuse to conform to the decision of the League, China should not rely any longer upon the Nine-Power Treaty, but should at once launch an expendition to Manchuria for the recovery of the lost territory. No country would fight against Japan on account of the Manchurian issue unless China starts the fight! No country would come to the help of China, unless China first makes up her mind and takes steps to defend herself.

Nanking, Oct. 11, 1932.

Catholic Students in Japan Refuse to Bow Before Yasukuni Shrine

The refusal of students of several religious schools in Tokyo to participate in ceremonies before the Yasukuni Shrine, on Kudan Hill, in honor of soldiers killed in the Manchurian and Shanghai battles threatens to become a serious problem in Japan, according to translations made from Japanese newspapers by the *Nippon Dempo* service.

Since the outbreak of the Manchurian trouble, school children have been led up to the military shrine on Kukan Hill by teachers or military officers in charge of student military training on various occasions to pay respect to the spirits of the soldiers killed in action. A number of students of a certain Catholic school in Kojimachi flatly refused to bow before the shrine with the rest of the students, according to reports, and the same refusal was made later by students of a certain school of the same religion in Kudan. A similar incident is reported of students of a religious middle school in Nagasaki.

The military officers attached to the schools for military training inquired of the authorities about the conduct of these students. The answers, they say, were not satisfactory. Because of this irritation among the military officers, the school officials asked the Education Ministry to explain the nature of the function before the shrine.

The question is difficult to answer, comments the *Asahi*, for it concerns the fundamental character of the Japanese nation and the guidance of national thought. The educational authorities met in conference and decided there is no need to issue general instructions to the schools, for the significance of the ceremony before the military shrine is well known. Schools in doubt about its significance, however, may apply for further explanation.

To the schools which have already applied for explanation, the Education Ministry has said the pilgrimages to the shrine are part of the educational system. Serious discussion of the problem is expected in various religious circles, says the *Asahi*.

"Japanese Sacrifice at Shanghai Failed to Bring China to Her Senses"

Commander Okano of the Japanese Navy was entertained by the Dairen Rotary Club at the Yamato Hotel Sept. 29. Commander Okano, who stopped at Dairen on his way to Geneva, in the course of a speech among other things said that the heavy sacrifice paid by Japan on the Shanghai front since early this year was meant to bring China to her senses, but in this respect, Japan had been a little disappointed. Again, Japan's hope for further expansion of Shanghai as the metropolis of China seems also half checked. All was because of China's antagonistic policy, he said. To cite one of recent experiences of international interest, the policing authority of the Shanghai Municipal Council over the Shanghai Extension has been restored to China. Pressed for space, the Municipal Council of Shanghai bought land for the Extension Road, securing the right to police it. By agreement, any new streets intersecting the Extension Road were put under Municipal police control, together with all residences, shops, and offices put up on those streets. On the Extension Road there are parks, race course, and other resorts of public amusement. Before the Shanghai Affair broke out a rough understanding had been reached with the Chinese side to replace the Municipal police with the special police organized conjointly between Muncipal and Chinese police under a Chinese Chief-of-Police, assisted by a foreign Vice-Chief-of-Police. The Shanghai Affair has reversed the positions of the active Municipal Council and the passive Chinese authorities, Commander Okano said.

Japan's Real Policy in Manchuria---And Soviet Reactions

(*From a Correspondent in Harbin*)

THE Japanese recognition of Manchukuo, effected on September 15, being a topic of the day, I happened to approach a prominent Soviet resident of this city with a view to finding out whether or not the Soviet Union might accord a *de jure* recognition to the new "state." For some time past the Japanese controlled press of Harbin (and elsewhere) have been profuse in articles forecasting the impending Soviet recognition of Manchukuo, which—it was predicted—should have come in the wake of the Japanese recognition. My question was, therefore, explicit and the reply received was no less emphatic, he saying that "the Soviet Union will accord the desired *de jure* recognition within two or three months," because "the Soviet Union does not see the slightest difference between the former and the present administrations of Manchuria. Our country," he said further, "maintained official relations with General Chang Hsueh-liang and his clan, and that in spite of all differences in structure and principles of our countries. So, why should not Soviet Russia recognize the Pu Yi administration, if they are eager to have it? Our country has vast interests in Manchuria, we have many residents here, so it is obvious that we must recognize whatever authority there is and maintain, as long as possible, friendly relations with that authority. It would, of course, be a different matter, if, say, the old and present Chinese generals were Russian subjects and within our territory—then we would make away with them in no time!" Herewith he made a gesture as if he was drawing out a pistol and sending forth a shower of bullets into the imaginary enemies.

A further conversation with the man made it clear that Soviet Russians are fully conscious of the changed aspect of the politico-military situation in the Far East subsequent to the appearance of Manchukuo—they regard the absorption of Manchuria by Japan as a first threat towards Russia. "Manchuria is about to be converted into a starting point of the Japanese offensive upon Soviet Russia," he said, recalling, in the defence of his argument, a conversation between Gen. Araki, the War Minister, and the members of the Lytton Commission, saying that in the same interview one might perceive the aspirations of the military government of Japan of our days.

Manchuria, Japan's First Line of Defence

The stated interview took place at the War Office, Tokyo, on July 9, during which the general said that Japan has had, since the Meiji Restoration, inseparable relations with Manchuria, that Manchuria has become "a first line" of Japanese defence, and that Japan does not wish to restore even a shadow of Chinese suzerainty over that territory. As it might be remembered, the Commission tried to obtain the Japanese consent to the restoration of nominal Chinese authority over Manchuria with due guarantees for safeguarding Japanese rights there. The War Minister and the Government were adamant to the proposition, Gen. Araki going so far as to say that 'it is surprising that China is trying to negotiate on this question with Japan, the third party, instead of Manchukuo, which has wrested its sovereignty from China."

That Manchuria has become absorbed by Japan politically, economically and in every sense possible, is so evident that it does not require elucidation; however, this absorption, applied to the position of Soviet Russia in the Far East, gives some food for thought. As it has been predicted, the recognition of Manchukuo, formally brought about on September 15, is accompanied with the signing of a defence alliance between Japan and Manchukuo, which—to be sure—places Manchurian resources in the hands of Japan whenever the latter country comes into an open conflict with any of the three imaginary enemies—Russia, China or the United States, or all of them combined. In addition to this there is a clause that, whenever the Manchukuo authorities cannot cope with internal rebellion, Japan's help must be sought and will be forthcoming with the least possible delay.

Simultaneously with the formal recognition of Manchukuo Japan has secured an understanding with the Hsinking Government for the eventual signing of the so-called Japan-Manchukuo Industrial Unification Treaty, the negotiations for which are now well under way. By this treaty the Japanese and Manchurian industries shall be directed in such a way as to supplement each other; Manchuria shall hereafter be primarily a material supplying country, or—in other words—she will be furnishing Japan with necessary raw materials, which will, in turn, be coming back to Manchuria in the finished form. Those industries shall be encouraged in Manchuria which cannot thrive in Japan Proper, for instance, cotton growing. Although Manchurian cotton is inferior to the American and Indian products, it is expected that, by careful breeding, it can be evolved into a type capable of replacing the named articles in the Japanese market. Just the same refers to sheep raising, now conducted in Inner Mongolia and which is to be developed so as to replace Australian wool.

Manchurian currency, now on a silver standard, is to be, by one of these projects, put upon the gold basis either through the adoption of the gold yen outright or by the pegging of the Manchurian silver yuan to the yen. In the latter case the relations between the Japanese and Manchukuo currencies will be very much the same as that which now exists between British and Indian currencies. The unification of currencies will be followed by the concord in banking and general financial activities.

The Russians are also well aware that the proposed development of the iron and steel industry right up in Manchuria has something to do with converting that territory into an arena of future war operations against the Union. It is true that the construction of the monster Showa Iron Works has been put off indefinitely, however, its construction is to be started as soon as general circumstances allow or there springs up an urgent calling for the same. A controversy that has raged about the site of the Works seems to be settled by the selection of Hunho station, 5½ miles to the south of Mukden. There is also a plan to develop the oil shale industry, of which a start has been made at Fushun, where the Japanese maintain an up-to-date oil distilling plant, capable of turning out annually 80,000 tons of crude oil and 18,000 tons of sulphate of ammonia. Other Japanese controlled coal mines, where oil distilling plants might be built are at Yentai and Penchihu. The importance which the Japanese Navy attaches to this industry is emphasized by the fact that the Fushun plant is supervised by a retired admiral, a specialist in his line. The Soviets, on the other hand, are busily engaged in the construction of the huge iron and steel works at Kuznesk, Western Siberia, the progress of which is reported to be satisfactory.

Railways With Strategic Importance

Much has been written about the strategic importance of all the Japanese financed railways that have come into being since the World War, all these railways having been laid down with one enemy in view—Russia. If things are left as they are now and Japanese are put in control of everything in Manchuria, then, in the course of the next four or five years, we will have another trunk line parallel to the Chinese Eastern and running from Solun, in Inner Mongolia, to the Russian-Korean frontier on the Sea of Japan. Already a plan is afoot to develop the port of Sashin, in North Korea, which is likely to be converted into a second Vladivostok. In passing, the completion of this line on the section between Tunghua and Loatagow (118 km.), opposed by the Chinese Government, was one of the motives for bringing about the whole Manchurian emergency. The Chinese lines, now said to be controlled by the Communications Ministry of Manchukuo, are very soon to fall under the control of the South Manchuria Railway both in name and fact,—as word comes that "on the request of the Manchukuo Government" the S.M.R. is to take the control of Chinese government lines in Manchuria for which purpose the S.M.R. is opening a branch department at Changchun under the supervision of Mr. Usami, a director. If the control of railways is to go to Japan then it is puzzling what will be the functions of the Communications Ministry itself.

Soviet Russia is on the defensive; she is busily engaged in the completion of her first Five Year Plan;

she is against any entanglement with Powers, unless her very existence is threatened. It is difficult, amidst conflicting reports, to make out how far she has succeeded in fulfilling her original plans, but it seems that, in round figures, she has made 60 per cent. of her self imposed task. And the Five Year Plan is essentially militaristic, as emphasized by strenuous efforts to develop heavy industry, that is, iron and steel. An opinion has been expressed to the writer by an irresponsible Japanese that, if Japan means to crush the Communistic monster, it should be done now, when Soviet Russia is half way towards the consummation of her Five Year Plan. "If we come to blows later," he said further, "say, after two or three years, it will be too late, for Russia by that time will have completed her industrial plans. Then it will be impossible to crush her."

Because the present turmoil in Manchuria involves no Sovietism, the Russians are, as said, on mere guard. Comrade Blucher, alias Gallen, who together with Michael Borodin, played so conspicuous a role in the first Kuomintang drive of 1925, is now here, in the Russian Far East, as commander-in-chief of the Red Army. No other commander would fit the position equally well, for Blucher knows Manchuria better than anyone among Russian militarists; it was he who led the Red Army expedition right up to Hailar during the Soviet-Chinese conflict of 1929. "The Red Army will see to it that no foreign soldier would tramp the collective fields of our socialist fatherland," was the key-note of the address made by Blucher from Habarovsk to his troops. And it is safe to say that the Red Army will not run away before the advancing enemy, whoever it may be.

Are Soviets Supplying Arms to anti-Manchukuo Forces?

"From a highly authoritive source we have learned that the Soviet Union is assisting Old Kirins and other anti-Manchukuo elements, supplying them with arms, ammunition and other articles. This has been proved beyond any doubt. Further, when representatives of anti-Manchukuo forces visit the Soviet territory, which they do frequently, they bring with them field guns, shells and other articles of ammunition. Nicolsk-Ussurisk and Iman serve as main points of supply. The same well-informed quarters have learned that on July 7 there were delivered to anti-Manchukuo forces four field radio stations, 17,000 pieces of ammunition and 40,000 sacks flour, all supplied by Nanking and delivered via Vladivostock," was a report prominently displayed on August 10 by the *Kung Pao*, the official propaganda organ of Manchukuo at Harbin. Indeed, there are certain reasons to believe that the relations between the Soviets and anti-Manchukuos are more than friendly, which could have been possible to observe during some of the raids on the stations of the Chinese Eastern Railway. Eye-witnesses to these raids state that whenever the "volunteers" ascertain a Russian to be of Soviet citizenship they do not maltreat him, nor loot his property, whereas the White Russians are being treated as Manchukuo adherents. At any rate such have been tales brought back by the survivors of many recent hold-ups of C.E.R. trains, especially along the Eastern route of the same.

The statement becomes creditable when we recall the almost deliberate destruction of the C.E.R. track and bridges by the Red Russians themselves, which they were doing systematically during the earlier phases of the Japanese invasion of North Manchuria. There is no need to relate all the plots, hatched by the Red Russians; they have become matters of public knowldge; suffice it to mention that the deliberate destruction of the C.E.R. track and bridges was one of the defensive measures of the Russians to obstruct the Japanese using the railway for military purposes. It is clear, therefore, that in this respect the tactics of anti-Manchukuos and the Red Russians coincided admirably. To the same category of defensive acts on the part of Red Russians one might attribute the wholesale removal of the railway stock from the C.E.R. to Soviet territory, also carried out during the Japanese advance to Harbin and after. Negotiations, undertaken by the Manchukuo authorities with the Soviets, have been so far futile; and it is safe to say that the rolling stock, valued at 60,000,000 gold roubles and now in Soviet use, will never see the C.E.R. tracks again. The Russians admit that the removal of the stock was done intentionally, but Manchukuo claims this point should be considered only at the final disposal of the railway, not earlier. They even say that the rolling stock was "stolen" by the Whites in their escape from Soviet territory at the close of civil war in Siberia.

In the ever changing kaleidoscope of Far Eastern affairs the public has lost sight of one important "agreement" between the Japanese and Soviet Governments, the agreement limiting the area of Japanese military operations along the C.E.R. The agreement, or—rather—an understanding concerns movements of Japanese troops along the Eastern section of the named railway, stipulating that the Japanese troops will not move eastward from Hailin, a station 200 kilometers from Pogranichnaya, on the Manchuria-Soviet frontier. This arrangement has brought about an unusual, quite unforeseen, result, namely, the territory between Hailin and Pogranichnaya (Suifenho) has become a veritable hotbed of anti-Manchukuo rebels, Pogranichnaya having been converted into a base of their operations. Generals Li Tu and Ting Chao have their headquarters there. Thus the Soviets by demarkating the line of Japanese activities along this particular route have—so to speak—shielded the rebels, providing a sort of territory for them. It is curious to see what action Soviet Russia will take in case the Japanese troops, in their hunt after rebels, proceed futher than Hailin. It should be remembered that the Red Army keeps outposts right across the frontier and is reported to be ready for any eventuality. Comrade Blucher, commander-in-chief, has his headquarters at Habarovsk. All is set for action.

Soviet Attitude Towards Vladivostok

The Soviet attitude towards the development of the city of Vladivostok deserves a few words of comment. While the Soviets have been making sundry improvements in nearly every city or hamlet, such a great port as Vladivostok, a gate to Siberia, has singularly been left in oblivion without any improvement noticeable or in project. This concerns public works, buildings, ways of communication, all maintained as they were in former times, without any innovation or attempts thereto. While the city itself has been utterly neglected the hills around it have (so goes a report) been converted into forts with all up-to-date installations. If such is the case it bespeaks that the Soviets are afraid that Vladivostok will be the first Russian city to suffer from the future Russo-Japanese war; and there seems to be no other reason to explain why the city and the port are not being improved to the same extent as are other great Russian cities.

There is another side of Vladivostok—it has become bare of Japanese residents. By systematic persecution through heavy taxaction of their businesses, arrests on suspicion of being spies, or on charges of illegal currency deals, the Soviets have brought about that nearly all private residents, that numbered several thousands, have departed from Vladivostok. At the time of writing there are left, besides the consulate, the offices of one or two shipping companies only and their staffs. And the persons still residing there feel the official supervision on every turn. The Soviets no longer hide their animosity towards Japanese; in schools, public gatherings, etc. it has become a catch-word that "the land of Soviets is about to be invaded by the imperialists," by which is meant no other than Japanese imperialists.

Being essentially on the defensive Soviet Russia is against any move aggravating her relations with Japan, knowing well that Japan has run wild with her military successes in Manchuria. So intricate a question as fishery 1936, the Russians having made important concessions from their original contentions. And there were several indications that the relations between Japan and Russia might fall to pieces due to several clashes among patrol vessels of both the countries, resulting in the loss of human lives. Nevertheless they have managed to straighten out all the differences and signed a provisional agreement to last till 1936.

The smoothing over the differences is not confined to the fishery problem alone,—it has been extended to sundry difficulties arising out of relations between Manchukuo and Soviet Russia, to which we might attribute the solution of the so-called 8th District problem at Harbin. This controversy arose over the arbitrary taking over by the local Manchukuo authorities of a pier on the Sungari River operated by the Chinese Eastern Railway, to which the Soviet Consul Slavutsky protested vigorously. Now the pier, with all its adjoining warehouses, side tracks, etc., has been restored to the C.E.R. management, in return for which the railway is to pay a certain rentage to the Manchukuo authorities. As one of conditions of this deal it is alleged also that the Soviets have consented to the opening of a Manchukuo consulate at Blagoveschensk, opposite Heiho, the staff of which

have already left for Siberia via Korea. It is interesting to note that a vice-consul, Mr. Ioshizu, is a Japanese, a graduate of the Russo-Japanese School at Harbin.

There are still several unsettled incidents that mar the relations of Manchukuo with the Soviet Union, which —by the way—illustrate the fact that the Soviet neighbor does not show much esteem to the new powers-that-be on this side of the frontier. It is alleged that the Soviet troops, stationed near Manchuli have constructed a line of blockhouses within Manchuria territory. Repeated protests of the Manchukuo Foreign Ministry has brought so far no satisfactory reply, the Soviet denying that the blockhouses are built in the Manchurian territory. Another protest, so far unheeded by the Soviets, concerns the trespass on Manchurian territory by the Red river flotilla near Lahassusu, as well as arbitrary flights of Soviet airplanes over Manchurian territory.

Outstanding Irritating Problems

However, in spite of attempts to smooth over the minor difficulties, there remain several fundamental and, at the same time, irritating problems serving as potential causes of future troubles. One of these problems is the continued and so far unabated support by Soviet Russia of communistic activities in Japan as proved by depositions of a Masao Ando, 32 years old, arrested on July 30 aboard the *Nagasaki Maru* en route to Shanghai, whose examination has proved beyond any cavil the fact that the Japan Communist Party, once considered to be crushed beyond any revival, is still alive and—what is alarming—is very busy in its destructive activities. The police investigation of this matter has disclosed that "they (the communists), taking advantage of the Manchurian and Shanghai Emergencies, tried to poison the troops with dangerous thoughts; they conducted anti-imperialism and anti-war agitation; they beguiled the students of colleges and universities into their camp for sinister leftists' movements, and made their greatest efforts to reddening the industrial organizations," as reported by the *Osaka Mainichi* on August 27 last. And it is safe to say that reddening activities are not confined to Japan alone; it is being carried on, under the strictest conspiracy, all over China, Korea and Manchuria.

Another thorny problem arises out of the interrelation between the White and the Red Russians in Manchuria. The animosity, existing between these two factions, is no less mitigated by their being on foreign soil; on the contrary, the Whites, stirred up by the possible Soviet-Japanese clash, are apt to aggravate the situation by all means, although in that case they, being hopelessly disunited, will not act concertedly—they do not represent a force that can direct the course of events. Recently, the Soviet authorities, being apprehensive of the growing cooperation between Manchukuo and White Russians at Harbin, have addressed a vigorous protest "about the arming of White Russians by the police," on the suspicion that the Whites, thus armed, might do mischief to the Soviet residents. However, no fear should be entertained in this regard, for the arming of emigrees, referred to in the Soviet protest, concerns so far only a few scores of Whites, residents of the outskirts of Harbin, who armed themselves against the assaults of the hunhudze (or —who knows—volunteers), infesting the outlying districts, against which the Manchukuo authorities are unable to do anything, at least at present. So far there has been no wholesale arming of the Whites; if it is carried out—it will be a first true sign of the impending war between Japan and Soviet Russia.

Thus the abnormal friendship between Imperial Japan and Communistic Russia continues—meanwhile they take—so to speak—a spell for the coming deadly fight. How should then be regarded the reported negotiation about the supply of Soviet crude oil to Japan, for her Navy, conducted through Mr. Matsukata? This question might be narrowed down to such—Will Soviet Russia continue to supply this product uninterruptedly to Japan for her Navy in case Japan is engaged in a war with a third party, say, with the United States? Can she be trusted? And the reply must be necessarily in the negative, for in that case Soviet Russia will see to it that Japan is crushed—it is not to Russia's interests to see Japan emerge victorous out of that imaginary war. Therefore, a thoughtful person will not take seriously the oil sale negotiations; it should be regarded as a trick of Japanese diplomacy to play on the American psychology. The Soviet-Japan animosity, therefore, remains strong as ever.

Harbin, September 30, 1932.

Twenty-first Anniversary of Republic Passes Off Quietly

Although, according to orders from Nanking, there was no official celebration of the anniversary of the foundation of the Chinese Republic on October 10 (frequently referred to as the Double Ten festival), Chinese business houses and employees generally observed the day as a holiday. Every preceding anniversary had been officially celebrated. This year all celebrations were cancelled owing to the unparalleled crisis facing the country. The National flag was flown generally during the day but not in nearly the same profusion as in previous years. The Kuomintang offices in Shanghai, at which a memorial service was held, were open for the day as usual, as were the various government offices in Shanghai and in Nanking. A memorial service was also held at Nantao during the forenoon. The two major events of the day locally were the opening of a Native Goods Exposition at Nantao and the official opening ceremony of the new highway to Hangchow at the offices of the Municipality of Greater Shanghai.

Italian Experts Arrive to Help China on Rural Economics

Professor Carlo Dragoni, General Director in the Italian Ministry of Agriculture and Industry, accompanied by Dr. Guido Perris of the International Institute of Agriculture at Rome, has arrived in Shanghai, upon the invitation of the National Economic Council of China extended through the League of Nations. Professor Dragoni is an expert on the question of tenure and rural economics, and has been specially invited by the Government to investigate these problems in China. Professor Dragoni is also General Secretary of the International Institute of Agriculture, President of the Bank for Financing Co-operation and a member of various international conferences. He was also the Italian representative on the Economic Committee of the Paris Peace Conference, and is author of numerous books on agricultural economy. Dr. Perris, who will assist Professor Dragoni in his work, is also co-editor of the International Year book of Agricultural Legislation and an authority on rural economy.

China Pays Part of Arrears Due League

China's desire to fulfill her obligation to the League of Nations was emphasized by Quo Tai-chi, Chinese Minister at London and one of the members of China's delegation at Geneva, at a meeting of the Fourth Committee of the League October 4. During the last 17 months, he said, China had paid 2,400,000 gold francs in respect of the arrears in her contributions to the League, although she had been faced by a great national catastrophe, namely, the disastrous floods in Central China last year. In addition, he declared, the payment had necessitated economies in the State services. Mr. Quo also pointed out that the sum mentioned did not include China's contribution towards the expenses of the Lytton Commission. In conclusion he advocated economy on the part of the League, a voluntary reduction in the salaries of its staff and the rationalization of its services.

Chinese Naval Officer Commits Suicide at Nanking

Declaring that he was disappointed at the future of China, Tseng Kuo-ching, young officer in the torpedo squadron of the Chinese Navy at Hsiakwan (Nanking) committed suicide October 8 by shooting himself in the heart with a pistol.

He left three letters, in one of which he declared that he was absolutely pessimistic about the future of his country, which he said was on its way to destruction. The deceased was a returned student from Japan.

American Retires After 26 Years in Shanghai Municipal Service

W. S. Hibbard, an American who came to the Far East originally with the American Army during the occupation of the Philippines, retired on October 1 from service with the Public Works Department of the Shanghai Municipal Council, after 26 years of service. He is proceeding to the United States, where he will stay for about a year, after which he intends to return to Shanghai. Mr. Hibbard is a charter member of the American Company, Shanghai Vounteer Corps.

Japan's Puppet

Editorial in the London Daily Herald (Labor organ) August 26

A pretty farce, a farce holding all the possibilities of world tragedy, is being played out in the Far East just now.

Japan, urged on by an all-powerful military junta, invaded Manchuria and set up an "independent" regime there. She now announces that she is determined to recognise that "independence."

In other and plainer words, Manchuria, already a puppet State, is to be officially recognised as such by her Japanese master.

This is the latest step in a deliberate defiance of the moral sense of the whole of the rest of the world—a defiance which will inevitably reawaken sleeping animosities and bring the war clouds rolling up the sky.

The situation is alive with dangerous possibilities. Mr. Stimson's recent outspoken warning to Japan has already incensed the jingoes in Tokyo.

The imminent publication of the Lytton Report to the League of Nations will certainly do nothing to diminish their fury.

What are the Powers going to do? There is no question about the attitude of the peoples on this question.

Japan must understand that she cannot hope to exist in isolation from the rest of the world. She is already threatening to withdraw from the League of Nations.

The League must put all hesitation behind it and inform her that such a blatant flouting of the world's conscience cannot, and will not, be tolerated.

And if Japan remains set in her present temper, there are ways and means, other than the utilisation of armed force, of persuading her of her folly.

They must be employed.

Details of Manchuli Revolt Given by Russian Youth

Graphic details of the outbreak of the railway guards at Manchuli at the end of September were brought to Harbin by a Russian boy who reached there by the international train end of last week.

The youth reported that the Japanese consul, Mr. Yamazaki, and several other Japanese were carried off. Seven Japanese were found murdered and many more are believed to have been killed. He said the affair began quite suddenly. Three shots were heard at the railway station and later three murdered bodies of Japanese were discovered. This was followed by frequent gunshots throughout the city through which many Chinese soldiers in grey uniforms roamed without apparent leadership. A section of Chinese soldiers went to the Japanese Consulate and rifle and machinegun fire could be heard there. The Japanese placed several machine-guns on the roof of the building and put up a stubborn fight, but the Chinese, who outnumbered them considerably, gradually crept closer and were able to use hand grenades, inflicting several casualties. Japanese customs official armed themselves and fought the mutinous guards but some of them, according to this report, were eventually disarmed and carried off to an unknown destination. Among the Japanese killed were a barber and his wife. Later on, order was restored and the mutiny was suppressed. The Japanese consul is believed to be safe.

Drug Ring Leaders Sentenced in Egyptian Court

The trial of 63 drug smugglers of seven nationalities terminated at Alexandria, Egypt, on October 8, after continuing for one month. Twenty-four of the 63 accused were sentenced to the maximum penalty of five years imprisonment and £1,000 fine, one was given three years and three others one year. All received fines. Twenty-two were acquitted and the others will be tried in consular courts.

France to Ratify Drug Pact

The intention of France shortly to ratify the 1931 narcotics convention was announced at Geneva, October 8, in the fifth committee of the League, which stressed the need of universal ratification in order to prevent its lapsing.

The Dutch delegate at the meeting argued that no reproach should be attached to Holland's attitude towards opium traffic as the opium monopoly in the Dutch Indies is only 6 per cent of the Colonial Budget and Holland derived no pecuniary advantage.

New Y.W.C.A. Headquarters in Shanghai Formally Opened

The formal opening of the new headquarters building of the National Committee of the Y.W.C.A. in Yuen Ming Yuen Road, Shanghai, took place October 7. In addition to the members of the National Committee, some two hundred guests attended the meeting. Mayor Wu Te-chen was among the prominent Chinese guests in attendance. Mrs. C.C. Chen, Chairman of the National Committee, served also as Chairman at the meeting. With her on the platform were seated Mrs. Yu Yu-jen, Mayor Wu Te-chen, Miss Tseng Pao-swen, and Mrs. C. L. Ling. The program, which was carried out entirely in Chinese, opened with music and the Flag Salute to Dr. Sun Yat-sen. After the customary reading of Dr. Sun's will and the singing of a hymn of thanksgiving the chairman make a speech giving the history of the building. Mrs. Chen was followed by Mrs. C. L. Ling, Miss Tseng Pao-swen delivered a short address. A piano solo by Mrs. Francis Pan concluded the program.

The National Committee members served as hostesses for the occasion. At the close of the ceremony the guests were conducted through the National Committee offices and, by the courtesy of the present resident, Lady Pringle, they were able to go also through the Pent House; the latter will be the future center for the International Work of the National Committee.

Late Marshal Chang Tsung-chang's 16 Concubines Fight for Share in Estate

The estate of the late Marshal Chang Tsung-chang, the former governor of Shantung, who was assassinated in Tsinan more than a month ago, is being contended for by many claimants. The local Chinese press continues to give prominence to reports of troubles in his household. In addition to an aged mother and two young sons, Marshal Chang is survived by 16 concubines, ranging in age from 18 to 30. Shortly after Chang's assassination it was given out by his household that the concubines would be given an option to stay, or leave with $3,000 each. Later reports published in the Chinese press in North China seem to indicate that instead of availing themselves of this option, the 16 concubines are insisting on a division of the estate. Among the concubines is a Japanese, who it is said is insisting on an equitable division, while those who bore the late governor children declare that they should be given more as they have children to bring up. According to one report Marshal Chang, who was always generous with his money, spent $480,000 during the ten months he stayed in Peiping since his return from Dairen. Over 1,000 persons lived on him. These people have been reduced to serious straits since his assassination.

Peiping Primary School Teachers Continue on Strike

The strike of teachers employed in the Peiping primary schools controlled by the municipal government has been stiffened by a demand made by them that no principal should be discharged without the consent of the teachers. As regards salaries in arrear, the municipal government is urged to telegraph the National Government for funds to settle them. Mayor Chou Ta-wen is quoted as saying that he will try to loan the required funds from the Kincheng Banking Corporation.

Downtown School of Commerce Has Large Enrollment

Dr. Herman C. E. Liu, president of the University of Shanghai, reports that the Downtown School of Commerce has 500 students enrolled, this being about double the number for the spring term. Eighty students have registered in the Department of Journalism. The school is equipped with a big library containing 5,000 volumes of Chinese and foreign books with a trained librarian in charge. A number of scholarships have been awarded to poor but worthy students.

Count Hayashi, S.M.R. Head, Returns to Dairen

Count Hayashi, President of the South Manchuria Railway, whose resignation was rumored during his recent visit to Japan (but which did not develop) has in the meantime returned to Dairen. In an interview he said he would devote his energies to the development of the light metal industry, especially magnesium, in Manchuria, but at the same time he would take great care not to compete with home industries in Japan.

The Chinese Idea of Communism

BY NATHANIEL PEFFER
Author of "China: The Collapse of a Civilization"
(From Current History, July 1932)

NHERENTLY there is something incongruous in the fact of communism in China. It is theoretically demonstrable that for social, economic and psychological reasons China is impenetrable to so alien a doctrine. Yet the fact is there; communism, or what calls itself communism, has planted itself and is spreading. How shall we explain the anomaly? Like so many other aspects of contemporary China, it is difficult to understand as an orderly, logical development, but some light is thrown on it by a book which has recently appeared, itself a curious product.

The book is *Sun Yat-sen versus Communism* (Baltimore: The William and Wilkins Company. $5) and the author is Dr. Maurice William, a New York dentist. A pre-war Socialist, like so many others of that class, Dr. Williams found his views thrown into solution by the war. They crystallized in radically different form, and in 1920 he published a book, *The Social Interpretation of History*, which is a repudiation of the Marxian ideology. Its thesis is not anti-socialistic. It is a refutation of the economic interpretation of history and, more vigorously, of the class war as an instrument of social reconstruction. Instead of the class struggle it advocates the use of the democratic process, not to the end of emancipating the working class only, but of re-ordering society on a plan which will operate to the benefit of all. It is, in other words, a plea for socialism without revolution.

The thesis of Dr. William in his *Sun Yat-sen versus Communism* is that the earlier one converted Sun Yat-sen from communism in 1924, shortly after, as leader of the Chinese Nationalist party and founder of the Chinese Republic, he had made what was tantamount to an alliance with Soviet Russia. The claim is corroborated from Sun Yat-sen's own writings and is indisputable, but its interest lies mainly in what it reveals of a bizarre episode.

When Sun Yat-sen Fled to Japan

Sun Yat-sen in 1923 was a disappointed, frustrated and, for all practical purposes, repudiated revolutionary leader. He had inspired and organized the movement which overthrew the Manchus and established in place of the despotic monarchy a constitutional republic, an achievement little short of miraculous. It bordered too closely on the miraculous, in fact, to be substantial, and the republic was soon eviscerated by mandarins of the old regime. Sun Yat-sen organized a revolt against the usurpers, but it was ignominiously crushed and he fled to Japan, a refugee.

That was in 1913, two years after the establishment of the republic, and thenceforth Dr. Sun's career was that of a futile insurrecto, periodically setting up provisional governments in Canton, being ousted and forced to flee, and returning once more to set up another government and declare himself anew the sole residuary of the powers of the State, though surrounded sometimes by only a handful of disciples, some of them venal time-servers. In 1923 he was at his lowest ebb. He had just been evicted from Canton under more than usually humiliating circumstances, and many even of his loyal Cantonese supporters were impatient with his blind, almost operatic, adventurings. Then Joffe came to the Far East as Soviet Russia's diplomatic representative.

Joffe and Sun Yat-sen met in Shanghai. Russia's message was soothing in Sun's ear. Here was miraculous intervention when fate and the hand of man were against him, and in his psychology of desperation he embraced it. He was in the mood to embrace anything that promised deliverance. Sun and Joffe came to an "understanding," as it was called, one of the terms interestingly, being the recognition that communism was not suited to China. What was important in the understanding was unwritten. In another sense of the word Joffe "understood" Dr. Sun. He sympathized with his aspirations, his longings, his dream of emancipating China. He offered him what no Europeans or Americans of influence ever had offered—assistance.

A few months later came Michael Borodin, the Russian adviser, who soon was to play so decisive a role in China, and General Galen, who organized a military academy to train an officers' corps for the Chinese nationalist army. Imperceptibly, just with casual tenders of advice, the Russian mission began to direct the preparation of propaganda for the reorganization of the Kuomintang or Nationalist party. Borodin was increasingly at Dr. Sun's side—and a Communist nucleus was formed within the Kuomintang.

Fired by initial successes, as he always was when entering on a new campaign, Dr. Sun again planned grandiosely. He began to sketch out the plans of a new philosophy and a new social order. Early in 1924 he began to give his lectures which later were embodied in the volume called the *San Min Chu I*, or "The Three Principles of the People." They were to be, for a time, the Scripture of revolutionary China. The three principles were nationalism, democracy and livelihood. In the first two sections, covered in lectures delivered from January to April, 1924, Dr. Sun enunciated what could at least be construed as Russian doctrine. Dr. Sun appeared to be converted and with the prestige thus conferred, communism began to make rapid strides within the Kuomintang and more particularly among the student classes.

The lectures on livelihood, those which dealt with the economic organization of society, were not given until three months later, and in the very first of them Dr. Sun announced a complete reversal. He repudiated the class struggle and the dictatorship of the proletariat. He specifically repudiated Karl Marx. In other words, he threw Russia overboard—after three months. Why?

Here Dr. William enters. Dr. Sun refers more than once to two distinguished Occidental scholars, Marx and "Williams"—meaning by the latter Dr. William, but confusing him with Whiting Williams, an American welfare worker and lecturer on labor problems. The rest is explained in Dr. William's *Sun Yat-sen versus Communism*. In some way—how, no one knows—*The Social Interpretation of History* had come into Dr. Sun's hands. The lectures on the principle of livelihood not only reflected it, but were based on it. In *Sun Yat-sen versus Communism* are a hundred pages of quotations in parallel columns from Sun's lectures and *The Social Interpretation of History*. On crucial points Sun quotes William almost verbatim. In other words, the most important part of what was to become the testament of revolutionary China was the product of an unknown dentist on the other side of the world who had written an obscure book having no reference to China, who never had been in China, knew nothing about China and was probably not in the least interested in it. History abounds in irrational and fantastic episodes inseparably interwoven into great events, but no episode is more fantastic than this.

A Fantastic Episode

As it happens, it had little concern with history. It remains a fantastic episode. Dr. William's book is unquestionably responsible for changing the mind of Dr. Sun, but it did not change the course of events in China. It had no effect on those events. It did not check the progress of communism in China. As a matter of fact, only after Dr. Sun rejected communism in his lectures did it begin to find its stride. It gained all through 1924, more rapidly in 1925 and reached its highest power early in 1927, almost three years after Dr. Sun had made his pronouncement and nearly two years after Dr. Sun had died. The leader's words, therefore, fell on unheeding ears. Dr. William's book influenced Sun Yat-sen but had no influence on China.

When nationalist China finally broke with Soviet Russia late in 1927 it was not in obedience to Dr. Sun's declarations in the *San Min Chu I*. The Kuomintang split on the opposition of a majority of party leaders to the preponderant influence being assumed by the Communists, and the crisis was precipitated by the attempt of the Communists, instigated by Moscow, to take exclusive control of the party, oust all non-Communists and with that take control of the Chinese revolution and of China. The choice was between a Chinese revolution directed by Chinese or a Chinese revolution directed by Moscow as Russians desired, perhaps in China's interest and perhaps not. Too much and too sharp a nationalism had been instilled into the Chinese to leave any doubt as to what the choice would be. The alliance with Russia was severed and the Russians were driven from China.

Dr. William's book is an interesting marginal note for students of Chinese history, but it reveals less of China than of Sun Yat-sen. Of his personality and its reflection on his career it reveals much. He starts with

an enunciation of his philosophy and program—the philosophy and program on which, as leader of New China, he will build the regenerated society. Presumably he has thought them out. Then midway in the course of their pronouncement he reads one book, a book by a man of whom he knows so little that he takes hm to be somebody else, and then he turns a complete about-face and simply adopts a new philosophy and program. That was not untypical of Sun Yat-sen. He had already done the same thing. In fact, only three years before he was espousing communism and inveighing against the capitalistic, imperialistic powers he had published a book outlining a plan for the economic reconstruction of China with foreign loans. Thus, in four short years he had traveled between two opposite extremes in social philosophy.

Consistency, logic and cool reason were not Sun Yat-sen's primary qualities. He was singularly lacking in them. His course was never reasoned. Perhaps it would not have carried him so far if it had been. Had he been given to careful deliberation he might never have embarked on the enterprise of overthrowing a despotism on impulse, usually a fine impulse; but thereby he was more than two thousand years old. He moved, instead, led to pick up "isms" as he went, one after another, without regard to their mutual relation. He was an exhorter and leader, not a student or states man. Also, he was an idealist and patriot who sacrificed himself for what he conceived to be his people's good.

When the Russians Were Driven Out

When the Russians were driven out of China in 1927 and huge numbers of Chinese Communists and Communist sympathizers were executed by way of a purging only a phase of Chinese communism closed. Communism did not end in China. More has been heard of it in the last year than then, and in actual expanse of territory it is more widespread. At least in nominal adherents it is increasing. Reliable evidence is always difficult to obtain from the interior of China, but it is asserted by the Russians that a large part of Central China is under Communist control, actually under a soviet form of government. There is a large armed force under at least nominal Communist command. A year ago the Nanking Government sent a well-equipped army to crush it but failed completely. And there is very little prospect that it will be overcome in the near future and that communism will be eliminated.

Nevertheless, it is highly doubtful if there is as much likelihood that China will become a Communist State as there was in 1927. Even then communism was an exotic growth, brought in from outside, from a different soil and climate, and thrust in barely under the surface. But then at least it had the support or benevolent neutrality of the leadership of the country, of the elements which commanded prestige and carried authority. It derived its original impetus from Sun Yat-sen and its first leaders from among his entourage or from the universities, still the carriers of the authority which learning has traditionally conferred in China. The most powerful dynamic in the country, morally and materially, was behind communism.

That is no longer true. The same classes are today opposed to communism. It is today a mass movement, and in China more than elsewhere mass movements are only negative unless unified, integrated and articulated by a few leaders. It is inherently a movement of desperation. There has been progressive disintegration in China for twenty years. The downfall of the monarchy was not precipitated by Sun Yat-sen alone. It was rotting from within. The persistent attacks of the Western powers since the middle of the nineteenth century and the disruptive effect of the penetration of Western ideas, of which communism is only the latest, had weakened the foundations of the age-old system. The successive revolutions and civil wars accelerated the process.

Sun Yat-sen's ambition was to uproot all the vestiges of the old government, and he succeeded only too well. But no other government has been set up in its place, and the other instruments for maintaining stability which really functioned as governments function elsewhere also have lost their edge. One cannot say there is no law and order, because in the old China there was always order without law. Order was maintained by the family and the guild according to traditions sanctified by centuries of precedent. These were the controls, and they have loosened. In consequence there has been progressively less security. Robber bands carry on their depredations with impunity. Local military chieftains are hardly less predatory. Incessant civil wars have been even more destructive.

The masses of the Chinese peasants are thus in a mood of desperation. Their lot could scarcely be worse in any case. They have little to lose, and the Communists' promises are roseate. These promises are even redeemed in the first instance. A few strong personalities, either survivors of the earlier heyday of communism or men who were touched by its propaganda at second remove and learned that it was an effective rallying-cry, gather about themselves men and arms and invade a district. They promise land enough for all, full stomachs and protection against exploitation, either by officials or land-owning gentry or money-lenders, a large proportion of whom are in truth exploiters. Their promises are appealing and their arms are persuasive. Nor do they hesitate to kill by way of carrying conviction. Willingly or unwillingly, the villagers join them, or at least give negative allegiance. The Chinese peasant has learned to bend to the wind. Sometimes the floating armies which abound in China are absorbed en masse and sometimes bandit armies. The rich, or what passes for rich in China, are compelled to ransom themselves by paying over all their wealth, and their land and granaries are confiscated. If not, they are killed, and sometimes they are killed anyway. But at the beginning the peasants benefit.

That this can be called communism in the sense in which one uses the word when talking of Russia, is doubtful. The revolution in Russia was also a mass movement, but one with leaders who had a philosophy, a program and organization. A generation of planning had gone before. Of the so-called Communists in China the number of those who have more than the remotest conception of what communism is about, is infinitesimal. They have neither the background nor the knowledge. They can overthrow, but they will not know what to do next. Were they to succeed completely and take over the whole country, what would result would be far from a Communist State. Moscow would not recognize it as one. Moscow might step in again, this time more effectively, and take control, but if it wanted to institute a Communist society it would have to start from the foundations.

The Danger of a Peasant Uprising

What threatens in China now is a peasant uprising analogous to those of the Middle Ages in Europe—a protest against misrule, exploitation and insupportable conditions. A people less patient and inured to suffering than the Chinese would have broken out before this. In that case, however, everything would be swept away and China would literally go into solution. The strongest safeguard against such an eventuality is a quick recovery of strength and stability by the Nanking Government. But the Nanking Government has never been weaker than now. It has never been so torn by internal dissensions as now and its prestige has never been so low. The Kuomintang, which is nominally the organ of government and the repository of sovereignty, is in a state of moral bankruptcy.

The Manchurian affair and the Japanese invasion of Shanghai have added momentum to the descent and increased the danger of an upheaval and the possibility of communism either nominal or eventually nominal. These events have intensified the psychology of desperation, and have, moreover, increased the number of those who believe that Russia is China's only defense against Japan. Even five years ago, many who lent sympathetic support to the Communist campaign did so on political rather than social grounds. They believed that as between Russia and the imperialistic powers, Russia was the lesser of two evils. The bitterness which Japan has stirred up is now Soviet Russia's strongest asset.

There are subterranean rumblings portending seismic upheavals in China. Communism is only one of the surface manifestations. That is its real significance. Had Sun Yat-sen never made any alliance with Soviet Russia or then changed his mind or not changed his mind, substantially the same forces would be working in China now. Disintegration had set in and it has not been checked. And that dervies from broader and deeper social movements. It is in the present nature of things in both the East and the West, but it manifests itself more disastrously in China. The end cannot be foreseen now.

Chinese Government Railways

Shanghai-Nanking and Shanghai-Hangchow-Ningpo Lines

From Shanghai to Nanking: 311.04 Kilometers

From Shanghai to Hangchow: 189.57 Kilometers

The Shanghai-Nanking Line extends from Shanghai, one of the greatest seaports in the world, to Nanking, the seat of the Nationalist Government of China. Short as it is when compared with the other trunk Lines in China, it serves a rich and densely populated district of preponderant importance, politically, as well as commercially and industrially. The whole Line is dotted over with points of known scenic beauty too numerous to be all mentioned here. Tourists and travellers should utilize the train service of this Line at least to visit Soochow, known as the "Garden City of the Orient," Wusih, the picturesque city on Lake Tai-hu, Chinkiang, the "Gate of the Yangtze River," and Nanking, a city rich in historic remains with the new grand Mausoleum of modern architecture for Dr. Sun Yat Sen, Founder of the Chinese Republic.

The Shanghai-Hangchow-Ningpo Line runs southwestward from Shanghai through a tract of beautiful places. At Lunghwa one will see the famous Pagoda with a long history attached to it; at Sungkiang, the observatory of the French Fathers at the summit of Sha Shan and the grave of General Frederick Ward; at Kashing, the South Lake and the Three Pagodas situated about two miles from the station; and at Hangchow, the present terminus of the Line from Shanghai, the renowned West Lake which called forth highest praise from Marco Polo, with such picturesque surroundings that it has been well called the "Switzerland of China." Tourists! A visit to Hangchow by the comfortable trains of this Line will give you the utmost satisfaction of travel and untold pleasure of sight-seeing.

For further information apply to the Traffic Manager of the two Lines at Shanghai North Station.

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Mr. Cermak Discovers British News

(*Chicago Tribune, Sept. 11*)

When Mayor Cermak told British newspaper men the truth about crime in Chicago they refused to believe him. They knew better. Neither life nor property is safe for a moment in Chicago. Everybody carries weapons, generally machine guns. The police are a terror-stricken band who accept orders only from hoodlums. And so on. That is what the British newspaper readers have been told so often that even the Fleet street rats believe it.

It is curious this kind of thing persists in the face of the fact that it has already cost London her position as the world center for the dissemination of news. London for decades enjoyed that position. Nearly all the cables were controlled by British capital before the war and most of them led to London. Therefore it frequently happened that news originating in South America, for example, was cabled first to Britain and distributed from London to North America, Europe and the rest of the world. The use of London as a distributing center for foreign news paralleled the growth of the London money market. Because of widespread investments the British public was more directly interested in events throughout the world than any other people. Therefore, foreign news services were first organized on a large scale for the service of British readers.

The newspapers and business men of the rest of the world took their news at second hand. Any newspaper or news agency which wished to maintain a service of foreign news stationed a man in London if nowhere else. There, at relatively small expense, it was thought he could do the work of a whole staff of men scattered among the capitals of the world.

England had, and might still have, its primacy as a news center had the British not abused their position. Long before the war it was becoming evident to the abler newspaper executives in this country that news sent from London was tainted. It was used to forward a national propaganda intended to convince not only the British public, but the rest of the world as well, of the greatness of the British people. In so far as the cables carried news of British events it was news which tended to reflect the wisdom and candor and, above all, the altruism of British statesmen, the eminence of British science and the honor of British merchants and bankers. In so far as the news concerned other peoples the contrast was striking. The non-British world was made up of lesser breeds. Thus, a spectacular crime in New York or Chicago would be recabled from London to Berlin and Buenos Aires; but an equally spectacular crime occurring in London would seldom be recorded outside the British isles.

The war went a long way toward educating the rest of the world in the unreliability of British news and British news services. British news was soon found to be not only partisan, as might have been expected in time of war, but viciously so. The rest of the world had been encouraged for years to believe in the myth of British integrity in all fields of endeavor, including, of course, the purveying of news. That myth collapsed under a mass of lies and distortions of truth. A few of the men who took part in this deliberate campaign of misrepresentation have told their stories. What Northcliffe and his associates have told is in itself sufficient to explain the rapid decline of London as the center of world news.

American newspapers and press services have discovered that they cannot rely on London. Accordingly they have set up their own agencies throughout the world. The relative values of the British and American news services is indicated by the fact that the American services have driven the British from the field in such fairly competitive territories as Latin America and some of the British dominions. The American services are making headway on the continent of Europe and even in the British isles.

The persistent self-praise of the British with a no less persistent defamation of other peoples has finally been rewarded.

Japanese Paper Mills to Amalgamate

The announcement is made from Tokyo that the three largest paper mill companies in Japan have amalgamated. They are the Oji Paper Company, the Fuji Paper Company and the Karafuto Industrial Company. The new company will be formed with a capital of 150,000,000 yen and will manufacture 90 per cent. of the total paper products of Japan. Mr. Fujihara, president of the Oji Paper Company, will head the new combination.

Fifteen C. E. R. Members Denounce Lytton Report

A severe denunciation of the Lytton Report was made by fifteen C.E.C. members in a joint circular telegram issued October 9. The 15 C.E.C. members are: Li Lieh-chun, Po Wen-wei, Hsiung Ke-wu, Chang Chih-pen, Liu Lu-yin, Chen Chia-yu, Chang Ting-fan, Hsieh Tu-pei, Cheng Chien, Huang Fu-sheng, Huang Chi-lu, Sun Ching-ya, Kuei Chung-chi, Fu Ju-lin and Feng Yu-hsiang.

The telegram points out that the Lytton Commission's suggestions regarding the demilitarization of Manchuria, establishment of a special autonomous regime, summoning of the proposed advisory conference, and the recognition of Japanese rights and interests in Manchuria are all incompatible with China's sovereignty and territorial and administrative integrity. The message declares that it would be suicidal for China to place further reliance upon the League of Nations, which, it is alleged, has fully exposed its impotence and inability to uphold right and justice. The only effective means of saving the present situation, the message continues, is to put up armed resistance. It concludes by calling upon the nation to assert their rights as the sovereign body of the Republic by directing the Government in carrying out a policy of armed resistance.

As regards Chapters 9 and 10, in reference to the suggested measures of solution that Manchuria be converted into a demilitarized area under a special gendarmerie, or that a special autonomous regime, with undefined powers, should be established in Manchuria, the telegram comments: "Military forces are necessary to protect the exercise of sovereign rights. Should China be denied the right of stationing troops in Manchuria, then Manchuria would be virtually lost to China. As for the so-called autonomous regime, it should be noted that the very idea of autonomy implies that it should be based upon the free volition of the people. Tens of thousands of people in Manchuria are now fighting for the preservation of China's territorial and administrative integrity and the re-union of Manchuria with the rest of China. To force upon the people an autonomous government against their own will would be utterly incompatible with the fundamental principles of government and would be tantamount to the severance of Manchuria from China. We wish to repeat that the only means of overcoming the present national crisis is armed resistance, for only by armed resistance can the determination of the nation be demonstrated and the attitude of the Powers modified. To reply solely upon the League of Nations is a suicidal policy. This has been our firm conviction ever since the outbreak of the crisis—it is a conviction which has been fully borne out by the present facts."

Chinese Opinion Condemns Autonomous Regime Suggestion

That the suggestions of the Lytton Commission concerning the proposed advisory conference, the establishment of a special autonomous regime and the proposed demilitarization of Manchuria are absolutely unacceptable is the consensus of opinion of the various heads of departments and ranking members of the Ministry of Foreign Affairs, who have submitted their views to Dr. Lo Wen-kan, Minister of Foreign Affairs.

While these views are informal, they may however be taken to indicate the general tenor of opinion in official circles in Nanking.

While conceding that the findings of facts as contained in the Report are on the whole fair and impartial, the leading members of the Ministry condemn however the suggestions as unacceptable and derogatory to China's sovereignty. They deplore especially the failure of the Commission to fix and determine the responsibility for the Sino-Japanese crisis.

They recommend that China should accept only that part of the Report which is in conformity with the League Covenant, the Kellogg-Briand Pact and the Nine-Power Treaty.

It is reported that after completion of examination of the Report by the Central Political Council, Dr. Lo Wen-kan, Minister of Foreign Affairs, will prepare a considered statement enunciating the National Government's views concerning the Lytton Report for submission to the League.

A Passport Episode in Japan—and Passports in General

The Japanese newspapers recently reported the case of a Russian woman pianist, who came to Kobe some time ago from Harbin with a passport issued by the Manchukuo authorities, but was unable to proceed to Shanghai owing to the refusal of the Chinese Consulate in Kobe to vise it. Later the woman was allowed to leave for Shanghai after paying a "fine" to the Chinese Consulate.

In this connection the *Japan Chronicle* comments that the passport system throughout the world in general is a swindle—and most people, at least travellers, will probably agree with that opinion. The *Chronicle* adds:—It is not the least use in the world and is merely a "hold-up." One of the worst of the hold-ups is the reciprocal robbery by the British and American authorities, British subjects and American citizens having to pay ten dollars to enter one another's countries. This is presumably for the purpose of showing that blood is thicker than water.

George Bronson Rea Gives Views on Russo-Japanese Relations

George Bronson Rea, chief propaganda agent of the Manchukuo government, was interviewed in Paris Oct. 4 while en route to Geneva as a special envoy of Manchukuo. Mr. Rea declared that no matter what the League of Nations decided in connection with the Lytton Report, nothing would be changed in the present status of Manchukuo. Discussing Far Eastern affairs in general, Mr. Rea said that Japan did not recognize the existence of a "Pacific Problem" but only a Russo-Japanese one and that she viewed with apprehension the Soviet-Union's expansion toward the East.

Great Britain Makes Strong Bid for Soviet Trade

The New York *Times'* London correspondent wired Oct. 6 announcing a decision by the British Board of Trade to extend Soviet trade credits in Britain from twelve to eighteen months in the hope of stimulating Soviet orders for British goods. The move comes as a sequel to the bitter struggle of the British delegation at Ottawa against the Canadian proposal to bar Soviet "dumping" in England. The British took a firm stand against the proposal for fear their own exports to Russia might suffer.

American Labor Agitators Arrested in Czechoslovakia

Ada Wright and J. Louis England, the Secretary of the U. S. A. Labor Defense, were arrested in the mining fields of Kladno, Czecho-slovakia, last month prior to a labor meeting. They were then taken back to Prague under police escort and informed that they would be deported from the country for having interfered in the internal affairs of the State and thus threatened order and security. Immediately the arrests became known a powerful protest movement arose, and the deportation order was stayed. Engdahl was even released after he had been deprived of his passport. It is believed that the police action against the two was taken at the request of the U. S. Ambassador.

American Navy to Start Building Three Destroyers

The U. S. Navy Department announced at Washington end of September that construction would be started immediately on three destroyers at an estimated cost of G$4,000,000 each. The destroyers will be of 1,500 tons each. The Navy Department said the American fleet was "in grave need of destroyers to replace over-aged ships." It was pointed out that the United States had not built destroyers since 1920.

Ningshu Agricultural Relief Association Makes Appeal

The Executive Board of the Ningshu Agricultural Relief Association, which has offices at No. 3 Han Chia Hsiang, Nanking, is making an appeal for donations or loans that will enable the Association, as a regular part of its service, to make loans to Chinese farmers who have been impoverished by the floods of last year. D. Y. Lin is the chairman and R. S. Hall is the treasurer of the Association.

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Full Text of Chapters IX and X of the Report of the Commission of Inquiry of the League of Nations

In view of the importance of the last two Chapters of the Lytton Report, the text is reproduced herewith in full. The official summary of the whole Report was published in The Review last week (October 8).

CHAPTER IX

Principles and conditions of settlement—Review of Previous chapters.

In the previous chapters of this Report it has been shown that, though the issues between China and Japan were not in themselves incapable of solution by arbitral procedure, yet the handling of them by their respective Governments, especially those relating to Manchuria, had so embittered their relations as sooner or later to make a conflict inevitable. A sketch has been given of China as a nation in evolution with all the political upheavals, social disorders, and disruptive tendencies inseparable from such a period of transition. It has been shown how seriously the rights and interests claimed by Japan have been affected by the weakness of the authority of the central government in China, and how anxious Japan has shown herself to keep Manchuria apart from the Government of the rest of China. A brief survey of the respective policies of the Chinese, Russian and Japanese Governments in Manchuria has revealed the fact that the administration of these Provinces has more than once been declared by their rulers to be independent from the central government of China, yet no wish to be separated from the rest of China has ever been expressed by their population, which is over-whelmingly Chinese. Finally, we have examined carefully and thoroughly the actual events which took place on and subsequent to September 18, 1931, and have expressed our opinion upon them.

Complexity of the problem.

A point has now been reached when attention can be concentrated on the future, and we would dismiss the past with this final reflection. It must be apparent to every reader of the preceding chapter that the issues involved in this conflict are not as simple as they are often represented to be. They are, on the contrary, exceedingly complicated, and only an intimate knowledge of all the facts, as well as of their historical background, should entitle any one to express a definite opinion upon them. This is not a case in which one country has declared war on another country without previously exhausting the opportunities for conciliation provided in the Covenant of the League of Nations. Neither is it a simple case of the violation of the frontier of one country by the armed forces of a neighboring country, because in Manchuria there are many features without an exact parallel in other parts of the world.

The dispute has arisen between two States, both members of the League, concerning a territory the size of France and Germany combined, in which both claim to have rights and interests only some of which are clearly defined by international law; a territory which, although legally an integral part of China, had a local administration of sufficiently autonomous character to carry on direct negotiations with Japan on the matters which lay at the root of this conflict.

Conditions in Manchuria unparalleled elsewhere.

Japan controls a railway and a strip of territory running from the sea right up into the heart of Manchuria, and she maintains for the protection of that property a force of about 10,000 soldiers, which she claims the right by Treaty to increase, if necessary, up to 15,000. She also exercises the rights of jurisdiction over all her subjects in Manchuria, and maintains consular police throughout the country.

Diversity of interpretations.

These facts must be considered by those who debate the issues. It is a fact that without a declaration of war a large area of what was indisputably Chinese territory has been forcibly seized and occupied by the armed forces of Japan, and has in consequence of this operation been separated from and declared independent of the rest of China. The steps by which this was accomplished are claimed by Japan to have been consistent with the obligations of the Covenant of the League of Nations, the Kellogg Pact and the Nine-Power Treaty of Washington, all of which were designed to prevent action of this kind. Moreover, the operation which had only just begun when the matter was first brought to the notice of the League was completed during the following months and is held by the Japanese Government to be consistent with the assurances given by their representative at Geneva on September 30 and December 10. The justification in this case has been that all the military operations have been legitimate acts of self-defence, the right of which is implicit in all the multilateral treaties mentioned above, and was not taken away by any of the resolutions of the Council of the League. Further, the administration which has been substituted for that of China in the Three Provinces is justified on the grounds that its establishment was the act of the local population who, by a spontaneous assertion of their independence, have severed all connection with China and established their own Government. Such a genuine independence movement, it is claimed, is not prohibited by any international treaty or by any of the resolutions of the Council of the League of Nations, and the fact of its having taken place has profoundly modified the application of the Nine Power Treaty and entirely altered the whole character of the problem being investigated by the League.

It is this plea of justification which makes this particular conflict at once so complicated and so serious. It is not the function of our Commission to argue the issue, but we have tried to provide sufficient material to enable the League of Nations to settle the dispute consistently with the honor, dignity and national interest of both the contending parties. Criticism alone will not accomplish this: there must also be practical efforts at conciliation. We have been at pains to find out the truth regarding past events in Manchuria, and to state it frankly; we recognise that this is only part, and by no means the most important part, of our work. We have throughout our mission offered to the Governments of both countries the help of the League of Nations in composing their differences, and we conclude it by offering to the League our suggestions for securing, consistently with justice and with peace, the permanent interests of China and Japan in Manchuria.

Unsatisfactory suggestions of settlement:

(1) Restoration of the *status quo ante.*

It must be clear from everything that we have already said that a mere restoration of the *status quo ante* would be no solution. Since the present conflict arose out of the conditions prevailing before last September, to restore these conditions would merely be to invite a repetition of the trouble. It would be to treat the whole question theoretically and to leave out of account the realities of the situation.

(2) The maintenance of "Manchukuo."

From what we have said in the two preceding chapters, the maintenance and recognition of the present regime in Manchuria would be equally unsatisfactory. Such a solution does not appear to us compatible with the fundamental principles of existing international obligations, nor with the good understanding between the two countries upon which peace in the Far East depends. It is opposed to the interests of China. It disregards the wishes of the people of Manchuria, and it is at least questionable whether it would ultimately serve the permanent interests of Japan.

About the feelings of the people of Manchuria towards the present regime there can really be no doubt; and China would not voluntarily accept as a lasting solution the complete separation of her Three Eastern Provinces. The analogy of the distant province of Outer Mongolia is not an entirely pertinent one, as Outer Mongolia is bound to China by no strong economic or social ties, and is sparsely inhabited by a population which is mainly non-Chinese. The situation in Manchuria is radically different from that in Outer Mongolia. The millions of Chinese farmers now settled permanently on the land have made Manchuria in many respects a simple extension of China south of the Wall. The Three Eastern Provinces have become almost as Chinese in race, culture and national sentiment as the neighboring Provinces of Hopei and Shantung, from which most of the immigrants came.

Apart from this, past experience has shown that these who control Manchuria have exercised a considerable influence on the affairs of the rest of China—at least of North China—and possess unquestionable strategic and political advantages. To cut off these Provinces from the rest of China, either legally or actually, would be to create for the future a serious irridentist problem which would endanger peace by keeping alive the hostility of China and rendering probable the continued boycott of Japanese goods.

The Commission received from the Japanese Government a clear and valuable statement of the vital interests of their country in Manchuria. Without exaggerating the economic dependence of Japan on Manchuria beyond the limits ascribed to it in a previous chapter, and certainly without suggesting that economic relationship entitles Japan to control the economic, still less the political development of these Provinces, we recognise the great importance of Manchuria in the economic development of Japan. Nor do we consider unreasonable her demand for the establishment of a stable government which would be capable of maintaining the order necessary for the economic development of the country. But such conditions can only be securely and effectively guaranteed by an administration which is in conformity with the wishes of the population and which takes full account of their feelings and aspirations. And equally is it only in an atmosphere of external confidence and internal peace, very different from that now existing in the Far East, that the capital which is necessary for the rapid economic development of Manchuria will be forthcoming.

In spite of the pressure of increasing over-population, the Japanese have not as yet fully utilised their existing facilities for emigration, and the Japanese Government has not hitherto contemplated a large emigration of their people to Manchuria. But the Japanese do look to further industrialisation as a means to cope with the agrarian crisis and with the population problem. Such industrialisation would require further economic outlets, and the only large and relatively sure markets that Japan can find are in Asia and particularly in China. Japan requires not only the Manchurian but the whole Chinese market, and the rise in the standard of living which will certainly follow the consolidation and modernisation of China should stimulate trade and raise the purchasing power of the Chinese market.

This economic rapprochement between Japan and China, which is of vital interest to Japan, is of equal interest to China, for China would find that a closer economic and technical collaboration with Japan would assist her in her primary task of national reconstruction. China could assist this rapprochement by restraining the more intolerant tendencies of her nationalism and by giving effective guarantees that as soon as cordial relations were re-established the practice of organised boycotts would not be revived. Japan, on her side, could factilitate this rapprochement by renouncing any attempt to solve the Manchuria problem by isolating it from the problem of her relations with China as a whole, in such a way as to make impossible the friendship and collaboration of China.

It may, however, be less economic considerations than anxiety for her own security which has determined the actions and policy of Japan in Manchuria. It is especially in this connection that her statesmen and military authorities are accustomed to speak of Manchuria as "the life-line of Japan." One can sympathise with such anxieties and try to appreciate the actions and motives of those who have to bear the heavy responsibility of securing the defence of their country against all eventualities. While acknowledging the interest of Japan in preventing Manchuria from serving as a base of operations directed against her own territory, and even her wish to be able to take all appropriate military measures if in certain circumstances the frontiers of Manchuria should be crossed by the forces of a foreign Power it may still be questioned whether the military occupation of Manchuria for an indefinite period, involving, as it must, a heavy financial burden, is really the most effective way of insuring against this external danger and whether, in the event of aggression having to be resisted in this way, the Japanese troops in Manchuria would not be seriously embarrassed if they were surrounded by a restive or rebellious population backed by a hostile China. It is surely in the interest of Japan to consider also other possible solutions of the problem of security, which would be more in keeping with the principles on which rests the present peace organisation of the world, and analogous to arrangements concluded by other Great Powers in various parts of the world. She might even find it possible, with the sympathy and goodwill of the rest of the world, and at no cost to herself, to obtain better security than she will obtain by the costly method she is at present adopting

International interests.

Apart from China and Japan, other Powers of the world have also important interests to defend in this Sino-Japanese conflict. We have already referred to existing multilateral treaties, and any real and lasting solution by agreement must be compatible with the stipulations of these fundamental agreements, on which is based the peace organisation of the world. The considerations which actuated the representatives of the Powers at the Washington Conference are still valid. It is quite as much in the interests of the Powers now as it was in 1922 to assist the reconstruction of China and to maintain her sovereignty and her territorial and administrative integrity as indispensable to the maintenance of peace. Any disintegration of China might lead perhaps rapidly, to serious international rivalries, which would become all the more bitter if they should happen to coincide with rivalries between divergent social systems. Finally, the interests of peace are the same the world over. Any loss of confidence in the application of the principles of the Covenant and of the Pact of Paris in any part of the world diminishes the value and efficacy of these principles everywhere.

Interests of U.S.S.R.

The Commission has not been able to obtain direct information as to the extent of the interests of the U.S.S.R. in Manchuria, nor to ascertain the views of the Government of the U.S.S.R. on the Manchurian question. But even without sources of direct information it cannot overlook the part played by Russia in Manchuria nor the important interests which the U.S.S.R. have in that region as owners of the Chinese Eastern Railway, and of the territory beyond its north and northeast frontiers. It is clear that any solution of the problem of Manchuria which ignored the important interests of the U.S.S.R. would risk a future breach of the peace and would not be permanent.

Conclusion.

These considerations are sufficient to indicate the lines on which a solution might be reached if the Governments of China and Japan could recognise the identity of their chief interests and were willing to make them include the maintenance of peace and the establishment of cordial relations with each other. As already stated, there is no question of returning to the conditions before September 1931. A satisfactory regime for the future might be evolved out of the present one without any violent change. In the next chapter we offer certain suggestions for doing this, but we would first define the general principles to which any satisfactory solution should conform. They are the following:

Conditions of a satisfactory solution.

1. *Compatibility with the interests of both China and Japan.*
Both countries are members of the League and each is entitled to claim the same consideration from the League. A solution from which both did not derive benefit would not be a gain to the cause of peace.

2. *Consideration for the interest of U.S.S.R.*
To make peace between two of the neighboring countries without regard for the interests of the third would be neither just nor wise, nor in the interests of peace.

3. *Conformity with existing multilateral treaties.*
Any solution should conform to the provisions of the Covenant of the League of Nations, the Pact of Paris, and the Nine-Power Treaty of Washington.

4. *Recognition of Japan's interests in Manchuria.*
The rights and interests of Japan in Manchuria are facts which cannot be ignored, and any solution which failed to recognise them and to take into account also the historical associations of Japan with that country would not be satisfactory.

5. *The establishment of new treaty relations between China and Japan.*
A re-statement of the respective rights, interests and responsibilities of both countries in Manchuria in new treaties, which shall be part of the settlement by agreement, is desirable if future friction is to be avoided, and mutual confidence and cooperation is to be restored.

6. *Effective provision for the settlement of future Disputes.*
As a corollary to the above, it is necessary that provision should be made for facilitating the prompt settlement of minor disputes as they arise.

7. *Manchurian autonomy.*
The government in Manchuria should be modified in such a way as to secure, consistently with the sovereignty and administrative integrity of China, a large measure of autonomy designed to meet the local condictions and special characteristics of the Three Provinces. The new civil regime must be so constituted and conducted as to satisfy the essential requirements of good government.

8. *Internal order and security against external aggression.*
The international order of the country should be secured by an effective local gendarmerie force, and security against external aggression should be provided by the withdrawal of all armed forces other than gendarmerie and by the conclusion of a treaty of non-aggression between the countries interested.

9. *Encouragement of an economic rapprochement between China and Japan.*
For this purpose a new commercial treaty between the two countries is desirable. Such a treaty should aim at placing on an equitable basis the commercial relations between the two countries and bringing them into conformity with their improved political relations.

10. *International Co-operation in Chinese reconstruction.*
Since the present political instability in China is an obstacle to friendship with Japan and an anxiety to the rest of the world, as the maintenance of peace in the Far East is a matter of international concern and since the conditions enumerated above cannot be fulfilled without a strong central government in China, the final requisite for a satisfactory solution is temporary international co-operation in the internal reconstruction of China, as suggested by the late Dr. Sun Yat-sen.

Results which would follow from the fulfilment of these conditions.

If the present situation could be modified in such a way as to satisfy these conditions, and embody these ideas, China and Japan would have achieved a solution of their difficulties which might be made the starting point of a new era of close understanding and political co-operation between them. If such a rapprochement is not secured, no solution, whatever its terms, can really be fruitful. Is it really impossible to contemplate such a new relationship even in this hour of crisis? Young Japan is clamorous for strong measures in China and a policy of thoroughness in Manchuria. Those who make these demands are tired of the delays and pin-pricks of the pre-September period; they are impetuous, and impatient to gain their end. But even in Japan appropriate means must be found for the attainment of every end.

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After making the acquaintance of some of the more ardent exponents of this "positive" policy, and those sepecially who, with undoubted idealism and great personal devotion have constituted themselves the pioneers of a delicate undertaking in the "Manchukuo" regime, it is impossible not to realise that at the heart of the problem for Japan lies her anxiety concerning the political development of modern China, and the future to which it is tending. This anxiety had led to action with the object of controlling that development and steering its course in directions which will secure the economic interests of Japan and satisfy strategic requirements for the defence of her Empire. ,

Japanese opinion is nevertheless vaguely conscious that it is no longer practicable to have two separate policies, one for Manchuria and one for the rest of China. Even with her Manchurian interests as a goal, therefore, Japan might recognize and welcome sympathetically the renaissance of Chinese national sentiment; might make friends with it, guide it in her direction and offer it support, if only to ensure that it does not seek support elsewhere.

In China, too, as thoughtful men have come to recognise that the vital problem, the real national problem, for their country is the reconstruction and modernisation of the State, they cannot fail to realise that this policy of reconstruction and modernisation, already initiated with so much promise of success, necessitates for its fulfilment the cultivation of friendly relations with all countries, and abqve all with that great nation which is their nearest neighbor. China needs, in political and economic matters, the co-operation of all the leading Powers, but especially valuable to her would be the friendly attitude of the Japanese Government and the economic co-operation of Japan in Manchuria. All the other claims of her newly awakened nationalism—legitimate and urgent though they may be—should be subordinated to this one dominating need for the effective internal reconstruction of the State.

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CHAPTER X

CONSIDERATION AND SUGGESTIONS TO THE COUNCIL

Suggestions to facilitate a final solution.

It is not the function of the Commission to submit directly to the Governments of China and Japan recommendations for the solution of the present dispute. But, in order "to facilitate the final solution of existing causes of dispute between the two countries," to quote the words used by M. Briand when explaining to the Council the text of the resolution which originated the Commission, we now offer to the League of Nations, as the result of our studies, suggestions designed to help the appropriate organ of the League to draw up definite proposals for submission to the parties to the dispute. It should be understood that these suggestions are intended as an illustration of one way in which the conditions we have laid down in the preceding chapter might be met. They are mainly concerned with broad principles; they leave many details to be filled in and are susceptible of considerable modification by the parties to the dispute if they are willing to accept some solution on these lines.

Even if the formal recognition of "Manchukuo" by Japan should take place before our Report is considered in Geneva—an eventuality which we cannot ignore—we do not think that our work will have been rendered valueless. We believe that in any case the Council would find that our Report contains suggestions which would be helpful for its decisions or for its recommendations to the two great Powers concerned, with the object of satisfying their vital interests in Manchuria.

It is with this object that, whilst bearing in mind the principles of the League of Nations, the spirit and letter of the Treaties concerning China and the general interests of peace, we have not overlooked existing realities, and have taken account of the administrative machinery existing and in process of evolution in the Three Eastern Provinces. It would be the function of the Council, in the paramount interest of world peace, whatever may be the eventuality, to decide how the suggestions made in our Report may be extended and applied to events which are still developing from day to day; always with the object of securing a durable understanding between China and Japan by utilising all the sound forces, whether in ideals or persons, whether in thought or action, which are at present fermenting in Manchuria.

Invitation to the Parties to discuss settlement.

We suggest in the first place that the Council of the League should invite the Governments of China and Japan to discuss a solution of their dispute on the lines indicated in the last chapter.

An Advisory Conference.

If the invitation is accepted, the next step would be the summoning as soon as possible of an Advisory Conference, to discuss and to recommend detailed proposals for the constitution of a special regime for the administration of the Three Eastern Provinces.

Such Conference, it is suggested, might be composed of representatives of the Chinese and Japanese Governments and of two delegations representing the local population, one selected in a manner to be prescribed by the Chinese Government and one selected in a manner to be prescribed by the Japanese Government. If agreed by the Parties, the assistance of neutral observers might be secured.

If the Conference were unable to reach agreement on any particular point, it would submit to the Council the point of difference, and the Council would then attempt to secure an agreed settlement of these points.

Simultaneously with the sitting of the Advisory Conference, the matters at issue between Japan and China relating to respective rights and interests should be discussed separately, in this case also, if so agreed, with the help of neutral observers.

Finally, we suggest that the results of these discussions and negotiations should be embodied in four separate Instruments:

1. A Declaration by the Government of China constituting a special administration for the Three Eastern Provinces, in the terms recommended by the Advisory Conference;
2. A Sino-Japanese Treaty dealing with Japanese interests;
3. A Sino-Japanese Treaty of Conciliation and Arbitration, Non-Aggression and Mutual Assistance.
4. A Sino-Japanese Commercial Treaty.

It is suggested that, before the meeting of the Advisory Conference, the broad outlines of the form of administration to be considered by that body should be agreed upon between the parties, with the assistance of the Council. Among the matters to be considered at that stage are the following:—

The place of meeting of the Advisory Conference, the nature of the representation, and whether or not neutral observers are desired;

The principle of the maintenance of the territorial and administrative integrity of China and the grant of a large measure of autonomy to Manchuria;

The policy of creating a special gendarmerie as the sole method of maintaining internal order;

The principle of settling the various matters in dispute by means of the separate treaties suggested;

The grant of an amnesty to all those who have taken part in the recent political developments in Manchuria.

When once these broad principles have been agreed upon beforehand, the fullest possible discretion as regards the details would be left to the representatives of the parties at the Advisory Conference or when negotiating the treaties. Further reference to the Council of the League of Nations would only take place in the event of failure to agree.

Advantages claimed for the procedure.

Among the advantages of this procedure it is claimed that, while it is consistent with the sovereignty of China, it will enable effective and practical measures to be taken to meet the situation in Manchuria as it exists today, and at the same time allow for such modifications hereafter as the changes in the internal situation in China may warrant. Notice, for instance, has been taken in this Report of certain administrative and fiscal changes which have either been proposed or actually carried out in Manchuria recently, such as the reorganisation of provincial governments, the creation of a control bank, the employment of foreign advisers. These features might be with advantage retained by the Advisory Conference. The presence at the Conference of representatives of the inhabitants of Manchuria, selected in some such way as we have suggested, should also facilitate the passage from the present to the new regime.

The autonomous regime contemplated for Manchuria is intended to apply to the three provinces of Liaoning (Fengtien). Kirin and Heilungkiang only. The rights at present enjoyed by Japan in the province of Jehol (Eastern inner Mongolia) would be dealt with in the Treaty on the subject of Japanese interests.

The four Instruments can now be considered seriatim:—

1. *The Declaration.*

The final proposals of the Advisory Conference would be submitted to the Chinese Government, and the Chinese Government would embody them in a declaration which would be transmitted to the League of Nations and to the signatory Powers of the Nine-Power Treaty. The Members of the League and the signatory Powers of the Nine-Power Treaty would take note of this Declaration, which would be stated to have for the Chinese Government the binding character of an international engagement.

The conditions under which subsequent revision of the Declaration, if required, might take place would be laid down in the Declaration itself as agreed to in accordance with the prosedure suggested hereabove.

The Declaration would distinguish between the powers of the Central Government of China in the Three Eastern Provinces and those of the Autonomous Local Government.

It is suggested that the powers to be reserved to the Central Government should be the following:—

Powers to be reserved to the Central Government.

1. The control of general treaty and foreign relations not otherwise provided for; it being understood that the central government would not enter into any international engagements inconsistent with the terms of the Declaration.
2. The control of the Customs, the Post Office, and the Salt Gabelle, and possibly of the administration of the stamp duty and the tobacco and wine taxes. The equitable division, between the Central Government and the Three Eastern Provinces, of the net income from these revenues, would be determined by the Advisory Conference.
3. The power of appointment, at least in the first instance, of the Chief Executive of the Government of the Three Eastern Provinces in accordance with the procedure to be laid down in the Declaration. Vacancies would be filled in the same way, or by some system of selection in the Three Eastern Provinces, to be agreed upon by the Advisory Conference and inserted in the Declaration.
4. The power of issuing to the Chief Executive of the Three Eastern Provinces such instructions as might be necessary to ensure the carrying out of the international engagements entered into by the Central Government of China in matters under the administration of the autonomous Government of the Three Eastern Provinces.
5. Any additional powers agreed upon by the Conference.

Powers of the local government.

All other powers would be vested in the autonomous Government of the Three Eastern Provinces.

Expression of local opinion.

Some practical system might be devised to secure an expression of the opinion of the people on the policy of the Government, possibly through the traditional agency of the Chambers of Commerce, Guilds, and other civil organisations.

Minorities.

Some provision should also be made to safeguard the interests of White Russians and other minorities.

Gendarmerie.

It is suggested that a special gendarmerie should be organized, with the collaboration of foreign instructors, which would be the only armed force within the Three Eastern Provinces. The organisation of the gendarmerie should either be completed within a period to be specified in advance, or the time of its completion should be determined in accordance with a procedure to be laid down in the Declaration. As this special Corps would be the only armed force in the territory of the Three Eastern Provinces, its organisation, when completed, should be followed by the retirement from this territory of all other armed forces, including any special bodies of police or railway guards, whether Chinese or Japanese.

Foreign Advisers.

An adequate number of foreign advisers would be appointed by the Chief Executive of the autonomous Government, of whom a substantial proportion should be Japanese. The details would be worked out by the procedure described above, and would be stated in the Declaration. Nationals of small States, as well as of the Great Powers, would be eligible.

The appointment of two foreigners of different nationalities to have supervision of (1) the constabulary, and (2) fiscal administra-

tion, would be made by the Chief Executive from a panel submitted by the Council of the League. These two officials would have extensive powers during the period of organsiation and trial of the new regime. The powers of the advisers would be defined in the Declaration.

The appointment of one foreigner as a general adviser to the Central Bank of the Three Eastern Provinces would be made by the Chief Executive from a panel submitted by the Board of Directors of the Bank for International Settlements.

The employment of foreign advisers and officials is in conformity with the policy of the founder of the Chinese Nationalist Party, and with that of the present National Government. It will not we hope, be difficult for Chinese opinion to recognise that the actual situation and the complexity of the foreign interests, rights and influences in these provinces require special measures in the interests of peace and good government. But it cannot be too strongly emphasised that the presence of the foreign advisers and officials here suggested, including those who, during the period of the organisation of the new regime, must exercise exceptionally wide powers, merely represents a form of international co-operation. They must be selected in a manner acceptable to the Chinese Government and one which is consistent with the sovereignty of China. When appointed they must regard themselves as the servants of the Government employing them, as has always been the case in the past with the foreigners employed in the Customs and Postal administration or with the technical organisations of the League that have collaborated with China. In this connection the following passage in the speech of Count Uchida in the Japanese Diet on August 25, 1932, is of interest:

"Our own Government, since the Meiji Restoration, have employed many foreigners as advisers or as regular officials; their number, for instance, in the year 1875 or thereabout, exceeded 500." The point must also be stressed that the appointment of a relatively large number of Japanese advisers, in an atmosphere of Sino-Japanese co-operation, would enable such officials to contribute the training and knowledge specially suited to local conditions. The goal to be kept in view throughout the period of transition is the creation of a civil service composed entirely of Chinese, who will ultimately make the employment of foreigners unnecessary.

2. *The Sino-Japanese Treaty dealing with Japanese Interests.*

Full discretion would of course be left to those who will negotiate the three suggested treaties between China and Japan, but it may be useful to indicate the matters with which it is suggested that they should deal.

The treaty dealing with Japanese interests in the Three Eastern Provinces and with some Japanese interests in the Province of Jehol would have to deal principally with certain economic rights of Japanese nationals and with railway questions. The aims of this Treaty should be:—

Aims of the Treaty.

1. The free participation of Japan in the economic development of Manchuria, which would not carry with it a right to control the country either economically or politically;

2. The continuance in the Provinces of Jehol of such rights as Japan now enjoys there;

3. An extension to the whole of Manchuria of the right to settle and lease land, coupled with some modification of the principle of extra-territoriality;

4. An agreement regarding the operation of the railways.

Japanese rights of settlement.

Hitherto the rights of settlement of Japanese nationals have been confined to South Manchuria, though no definite boundary line between North and South Manchuria has ever been fixed, and to Jehol. These rights have been exercised under conditions which China found unacceptable, and this caused continued friction and conflicts. Extra-territorial status as regards taxation and justice was claimed both for the Japanese and the Koreans, and in the case of the latter there were special stipulations which were ill-defined and the subject of disputes. From evidence given before the Commission we have reason to believe that China would be willing to extend to the whole of Manchuria the present limited right of settlement, provided it was not accompanied by extra-territorial status, the effect of which, it was claimed, would be to create a Japanese State in the heart of a Chinese territory.

It is obvious that the right of settlement and extra-territoriality are closely associated. It is, however, equally clear that the Japanese would not consent to abandon their extra-territorial status until the administration of justice and finance had reached a very much higher standard than has hitherto prevailed in Manchuria.

Two methods of compromise have suggested themselves. One is that the existing rights of settlement, accompanied by extra-territorial status, should be maintained and that such rights should be extended both to Japanese and Koreans in North Manchuria and Jehol without extra-territorial status. The other is that the Japanese should be granted the right to settle anywhere in Manchuria and Jehol with extra-territorial status, and that the Koreans should have the same rights without extra-territorial status. Both proposals have some advantages to recommend them, and both have rather serious objections. It is obvious that the most satisfactory solution of the problem is to make the administration of these Provinces so efficient that extra-territorial status will no longer be desired. It is with this object that we recommend that at least two foreign advisers, one of whom should be of Japanese nationality, should be attached to the Supreme Court, and other advisers might with advantage be attached to other Courts. The opinion of these advisers might be made public in all cases in which the Courts were called upon to adjudicate on matters in which foreign nationals were involved. We also think that in the period of reorganisation some foreign supervision of the administration of finance is desirable, and, in dealing with the Declaration, we have presented some suggestions to that effect.

A further safeguard would be provided by the establishment, under the Treaty of Conciliation, of an Arbitration Tribunal to deal with any complaints which the Chinese or Japanese Governments might bring in their own names or in those of their nationals.

The decision of this complicated and difficult question must rest with the parties negotiating the Treaty, but the present system of foreign protection, when applied to a minority group as numerous as the Koreans, who are, moreover, increasing in number, and who live in such close touch with the Chinese population, is bound to produce many occasions of irritation, leading to local incidents and foreign intervention. In the interests of peace it is desirable that this fruitful source of friction should be removed.

Any extension of the rights of settlement in the case of Japanese would apply on the same conditions to the nationals of all other Powers which enjoy the benefits of a "Most Favored Nation" clause,

Headache
as a forerunner of an infectious disease.
You feel listless and unfit for work.
Do not wait until a cold, influenza or whatever it is, has fully developped but take immediately
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provided that those Powers whose nationals enjoy extra-territorial rights enter into a similar treaty with China.

Railways.

As regards railways, it has been pointed out in Chapter III that there has been little or no co-operation in the past between the Chinese and Japanese railway builders and authorities directed to achieving a comprehensive and mutually beneficial railway plan. It is obvious that if future friction is to be avoided, provisions must be made in the Treaty at present under discussion for bringing to an end the competitive system of the past, and substituting a common understanding as regards freights and tariffs on the various systems. The subject is discussed in the special Study No. 1, annexed to this Report. In the opinion of the Commission there are two possible solutions, which could be considered either as alternatives or as stages to one final solution. The first, which is the more limited in scope, is a working agreement between the Chinese and Japanese railway administrations, which would facilitate their co-operation. China and Japan might agree to manage their respective railway systems in Manchuria on the principle of co-operation, and a joint Sino-Japanese Railway Commission, with at least one foreign adviser, might exercise functions analogous to those of Boards which exist in some other countries. A more thorough remedy would be provided by an amalgamation of the Chinese and Japanese railway interests. Such an amalgamation, if it could be agreed upon, would be the true mark of that Sino-Japanese economic collaboration, to secure which is one of the objects of the Report. While safeguarding the interests of China, it would place at disposal of all the railways in Manchuria the benefit of the great technical experience of the South Manchuria Railway and could be evolved without difficulty from the system which has been applied to the railways of Manchuria in the last few months. It might even pave the way in the future to some wider international agreement which might include the Chinese Eastern Railway. Though a fairly detailed description of such an amalgamation is to be found in the appendix as an example of the sort of thing that might be done, only direct negotiations between the parties could evolve a detailed scheme. Such a solution of the railway question would make the South Manchuria Railway a purely commercial enterprise, and the security provided by the special corps of gendarmerie, when once this body was fully organised, would enable the railway guards to be withdrawn, thus saving a considerable item of expense. If this is done, it would be well that special land regulations and a special municipal administration should previously be instituted in the Railway area in order to safeguard the vested interests of the South Manchuria Railway and of Japanese nationals.

If a treaty on these lines could be agreed upon, a legal basis for Japanese rights in the Three Eastern Provinces and in Jehol would have been found which would be at least as beneficial to Japan as the present Treaties and Agreements, and one which would be more acceptable to China. China might then find no difficulty in recognising all the definite grants made to Japan by such Treaties and Agreements as those of 1915, unless abrogated or modified by the new treaty. All minor rights claimed by Japan, the validity of which may be open to dispute, should be the subject of agreement. In case of disagreement resort should be made to the procedure outlined in the Treaty of Conciliation.

3. *The Sino-Japanese Treaty of Conciliation and Arbitration, Non-Aggression and Mutual Assistance.*

It is not necessary to describe in any detail the subject matter of this Treaty, of which there are many precedents and existing examples.

Such a treaty would provide for a Board of Conciliation whose functions would be to assist in the solution of any difficulties as they arise between the Governments of China and Japan. It would also establish an Arbitration Tribunal composed of persons with judicial experience and the necessary knowledge of the Far East. This tribunal would deal with any disputes between the Chinese and Japanese Governments regarding the interpretation of the Declaration or of the new treaties, and with such other categories of disputes as might be specified in the Treaty of Conciliation.

Finally, in conformity with the provisions for Non-Aggression and Mutual Assistance inserted in the Treaty, the contracting parties should agree that Manchuria should gradually become a demilitarised area. With this object it would be provided that after the organisation of the gendarmerie had been effected any violation of the demilitarised territory by either of the parties or by a third party would constitute an act of aggression entitling the other party, or both parties in the case of a third party attack, to take whatever measures might be deemed advisable to defend the demilitarised territory, without prejudice to the right of the Council of the League to take action under the Covenant.

If the Government of the U.S.S.R. desired to participate in the Non-Aggression and Mutual Assistance section of such a treaty, the appropriate clauses could be embodied in a separate tripartite agreement.

4. *The Sino-Japanese Commercial Treaty.*

The Commercial Treaty would naturally have as its object the establishment of conditions which would encourage as much as possible the exchange of goods between China and Japan, while safeguarding the existing treaty rights of other countries. This treaty should also contain an undertaking by the Chinese Government to take all measures within its power to forbid and repress organised boycott movements against Japanese trade, without prejudice to the individual rights of Chinese consumers.

Comments.

The above suggestions and considerations regarding the objects of the proposed Declaration and Treaties are submitted for the consideration of the Council of the League. Whatever may be the details of future agreements, the essential point is that negotiations should be begun as soon as possible and should be conducted in a spirit of mutual confidence.

Our work is finished.

Manchuria for a year past has been given over to strife and turmoil.

The population of a large, fertile and rich country has been subjected to conditions of distress such as it has probably never experienced before.

The relations between China and Japan are those of war in disguise, and the future is full of anxiety.

We have reported the circumstances which have created these conditions.

Everyone is fully aware of the gravity of the problem which confronts the League of Nations, and of the difficulties of the solution.

At the moment of concluding our Report we read in the press two statements by the Foreign Ministers of China and Japan, from each of which we would extract one point of the utmost importance.

On August 28th Mr. Lo Wen-kan declared at Nanking:

"China is confident that any reasonable proposal for the settlement of the present situation will necessarily be compatible with the letter and spirit of the Covenant of the League of Nations and the anti-war Pact, and the Nine-Power Treaty, as well as with China's sovereign power, and will also effectively secure a durable peace in the Far East."

On August the 30th Count Uchida is reported to have declared at Tokyo:

"The Government considers the question of Sino-Japanese relations as more important than the question of Manchuria and Mongolia."

We cannot close our Report more appropriately than by reproducing here the thought underlying these two statements, so exactly does it correspond with the evidence we have collected, with our own study of the problem, and consequently with our own convictions, so confident are we that the policy indicated by these declarations, if promptly and effectively applied, could not fail to lead to a satisfactory solution of the Manchurian question in the best interests of the two great countries of the Far East and of humanity in general."

Points in Lytton Report Which Japan Considers Unfair

The principal points in the Lytton report which are regarded as being unfair and unacceptable to Japan are (as summarized by the *Japan Times*, October 4):—

1. That Manchuria is an integral part of China (Chapter 2. Manchuria).

2. The interpretation of Japan's "Special position" in Manchuria.

The Japanese Government claims that the interpretation is vague, and difficult of understanding by foreign nations. (Chapter 3. Manchurian Issues between China and Japan).

3. That the military operations of the Japanese troops on the night of September 18 cannot be regarded as measures of legitimate self-defense. (Chapter 4.) Narrative of events in Manchuria on and subsequent to September 13, 1931.)

4. That the establishment of the Manchukuo Government is not the outcome of a genuine and spontaneous independence movement on the part of the people of Manchuria (Chapter 6. "Manchukuo.")

5. That there is no general Chinese support for the "Manchukuo Government," which is regarded by the local Chinese as an instrument of the Japanese. (Chapter 6.)

6. That the main political and administrative power in Manchuria rests in the hands of Japanese officials and advisers, who are doubtless under orders of the Tokyo Government and that the Japanese Government possesses in every contingency the means of exercising irresistible pressure. (Chapter 6).

7. That the maintenance and recognition of the present regime in Manchuria would be unsatisfactory. (Chapter 9. Principle and Conditions of Settlement).

8. That the Government in Manchuria should be modified in such a way as to secure, consistently with the sovereighty and administrative integrity of China, a large measure of autonomy. (Chapter 9).

9. That the internal order of Manchuria should be secured by an effective local gendarmerie force, and security against external aggression should be provided by the withdrawal of all armed forces other than the gendarmerie and by the conclusion of a treaty of non-aggression between the countries concerned. (Chapter 9).

10. The appointment of two foreigners of different nationalities to have supervision of (1) the constabulary, and (2) the fiscal administration, by the Chief Executive from a panel supplied by the Council of the League of Nations. (Chapter 10. Considerations and Suggestions of the Council).

11. That Manchuria should gradually be made into a demilitarized area. (Chapter 10).

Lytton Report Slips Up on American Intervention in Siberia

A Washington telegram calls attention to a mistake made in the Lytton report which asserted that the United States was the prime mover in the Allied intervention in Siberia in 1918. Records at Washington of the notes exchanged between the United States and European nations between January and July, 1918, show that the Siberian expendition had been proposed by the Allies and that the United States had finally agreed to it. Some of the notes, it was said, indicated that the United States was reluctant to participate at first.

Idol Worshippers Turn on Soldiers in Kiangsu

Government troops opened fire and killed four farmers in the Jukao district of Kiangsu Province during the early days of this week for disobeying regulations governing the holding of idol processions and were in turn set upon by enraged neighbors and friends of the slain farmers. They were rescued in the nick of time from a violent death by slow torture at the hands of country-folk. The origin of the trouble arose from the Nationalist government's banning all forms of superstitious worship and ancient Chinese practices, including abolition of the queue, the "kow-tow," all forms of gambling and lotteries, etc. The people of Jukao bore patiently the majority of them but when the troops, acting on instructions, interfered with there procession, they rose up in protest.

Missionary from India Helps Churches in Shantung

Dr. Stanley Jones, of India, has recently been conducting meeting in Tsinan for church leaders connected with the Shantung Christian churches. A correspondent of the *Shanghai Times* states that Dr. Jones has tireless energy and sometimes addressed audiences for six hours a day. His long experiences of round table conferences in his Indian missionary work make him peculiarly fitted for group gatherings in China. He has made a marked impression on many students connected with the Cheeloo University, by his fearless exposition of the principles of Christianity.

Professors and Explorers in Far Szechuen

"Tibetan" writes from Tachienlu, Szechuen Province, Sept. 13, in the *North China Daily News* that Dr. Karl Ludvig Reichelt and J. Prip-Moller had arrived in that city beginning of last month. Dr. Reichelt is interested in the Christian Mission to Buddhists. He and Mr. Prip-Moller spent some time on Mount Omei, visiting some of the large temples there and meeting with numerons Buddhist priests. A day or so after his arrival there Dr. Reichelt met the Dorje Geshe, a well-known lama, who after some forty years' absence from the border, returned about one year ago, and is now slowly assuming authority over the largest and most influential lamasery in Tachienlu. Dorje Geshe has been abroad and has travelled extensively over the east and is the leading light in the present New Buddhistic movement on the border.

The same correspondent reports the arrival of Jack Young and Terris Moore in Tachienlu to join Burdsall and Emmons in their geological survey of the great snow mountain, the Gong-Ga. Jack Young was with the Roosevelt expedition, so knows something of the country and conditions surrounding the Gong-Ga. Terris Moore is a Harvard student and is spending one year's holiday in scientific work in Eastern Tibet. The four members of the present Hsikang expedition were connected with the Gene Lamb expedition which ceased to function very soon after its arrival in Shanghai.

Judicial Experts Work on Mixed Court Rendition Agreement

The final draft of the revised Mixed Court Rendition Agreement prepared by Chinese judicial experts is stated to be nearing completion and will probably be forwarded to the various interested Powers at the end of the current month. A meeting was held recently of representatives from the Ministries of Justice and Foreign Affairs to study the amendments drawn up by the special law experts appointed for the purpose by Nanking Government. These amendments are being carefully studied by a departmental chief of the Ministry of Justice and, when finally approved by the authorities, a notification is expected to be issued to the various Powers requesting the institution of negotiations to consider a revision of the Rendition Agreement, which is permissible under the terms of that agreement.

Honan "Salvation" Fund 'Planes Arrive in Shanghai to Be Flown North

The Province of Honan recently decided to raise $300,000 as a contribution to the National Government's air force—which the Honan gentry considered was inadequate for modern requirements. The sum was duly raised by private contributions and three fighting airplanes were purchased abroad for the Government. The three 'planes arrived at Shanghai last week and the Aviation Bureau has decided to send experts to fly them to Honan, so that the public of the province shall be able to view the machines which they have donated. Afterwards they will be flown to Nanking where they will join the regular air force.

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In re.
LAST WILL & TESTAMENT
of
MALKAH HARRIS SHEEKS
Deceased

Cause No. 3463
Special Proceeding No. 793

NOTICE

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of MALKAH HARRIS SHEEKS, deceased, to present the same with vouchers to the undersigned on or before March 17, 1933, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

George Le Mar Sheeks
Executor
47 Peking Road
Shanghai.

Shanghai, China.
September 9, 1932.

CUSTOMS NOTIFICATION

(No. 1245)

With reference to Customs Notification No. 1233 I have today resumed charge of this office.

L. H. Lawford
Commissioner of Customs.

Custom House,
Shanghai, 6th October, 1932,

Men and Events

Mr. and Mrs. Chester Fritz have returned from a vacation trip to Peiping.

The American University Club of Shanghai will hold a barbecue at Millington Camp, Hungjao road, on the afternoon of October 15.

Sir Percival Phillips, special correspondent of the *London Daily Mail*, arrived in Japan last week. He is *enroute* to India by way of Shanghai.

The marriage took place at Tacoma, Washington, Oct. 8 of Captain Healy, commander of the Dollar liner *President Madison*, to Miss Drucvilla Rue Young.

Dr. Reginald S. Clay, who for 30 years held the post of Principal of the Northern Polytechnic in Holloway, North London, is a visitor to Shanghai.

C. George Riedel gave a lecture on Bees and China's Economic Uplift at the new Y. M C. A. building, 123 Boulevard de Montigny, Shanghai, Wednesday, October 12.

Police at Keelung, Formosa, arrested a Chinese on October 10 who gave his name as Wang Shih-tsun and who was suspected of plotting an anti-Japanese movement in Formosa.

Dr. Sakutaro Tate, professor of the Imperial University of Tokyo and an expert on international law, was struck by an automobile and seriously injured, at Tokyo October 5.

Mrs. Victor Keen, wife of the correspondent for the New York *Herald Tribune*, has returned to Shanghai from a trip to Manila, Hongkong, French Indo-China, Singapore and Bangkok.

Edward Hunter, who has been correspondent for the *International News Service* (Hearst) in Manchuria for the past year, has been transferred to Moscow and will depart for his new post shortly.

Municipal police of the Shanghai International Settlement on the night of Oct. 11 arrested a number of Chinese suspected of communistic activities. Large quantities of red literature were seized.

The Chinese Republic, edited and published by Edward Bing Shuey Lee, former editor of the *Peking Leader*, has been barred from the Japanese mails. No reasons or explanations have been forthcoming.

Yusuke Matsuoka, an influential Diet member of the Seiyukai, was formally appointed Japan's delegate to the extraordinary Assembly of the League of Nations, at a Cabinet Council in Tokyo, October 11.

F. P. Bills, president of Bills Motors, Inc., agents for Ford cars, departed this week on the *President Polk* on a trip to the United States, traveling by way of Europe. Mr. Bills was accompanied by Mrs. Bills and their children.

The Advertising Club of China, with offices in Shanghai, has decided to wind up its affairs owing to the lack of support. A sum of $45, which remained with the treasurer of the club, has been donated to the Richsha Mission's fund.

Mrs. Dorothy Moll, a German woman who represents in China the *Diplomatische Zeiting* in Switzerland and several newspapers in Germany, also contributing occasional articles for the New York *Herald Tribune*, is a visitor to Shanghai.

Dr. Ben Dorfman of the department of economics of the University of California, who served as a technical expert attached to the League Commission of Inquiry, arrived in Shanghai this week from Peiping on his way to Hongkong and Canton.

Douglas Fairbanks, American screen star, arrived in Shanghai during the week from Japan, where he had stayed for several weeks. It is stated that his wife Mary Pickford, will meet him here next month. They will make a tour of China together.

The Shanghai Telephone Co. announced during the week that permission had been granted by the Bureau of Public Utilities of the Municipality of Greater Shanghai to repair the cable to Pootung. Service, had been interrupted for more than a week.

Louis Anfenger Rinds of Los Angeles who assisted the League Commission in Peping prior to the issuance of the Manchurian report, sailed from Shanghai last Monday on his way to Hongkong and Manila. He will return to the United States by way of India and Europe.

Dr. C. T. Wang, former foreign minister in the national Government, is spending a fortnight in Peiping, having made the trip via Hankow. While in Peiping Dr. Wang attended a meeting of the board of directors of the Chungkuo University, of which he is honorary president.

General Yang Yu-hsun, son of the late Yang Che-sien, viceroy of Pechihli in 1896, and son-in-law of late President Yuan Shih-kai departed from Shanghai for Europe last week. General Yang was formerly Chief of Staff to Marshal Chang Tso-lin and at one time Minister of War.

R. A. Noronha, former employee of the Asiatic Petroleum Co. of Foochow, was given a preliminary hearing before the British authorities at Canton recently in a case in which he is charged with attempting to obtain $58,275 on what purported to be an order for the payment of money.

F. A. Nixon, who was been postal commissioner at Peiping for many years, has been transferred to Shantung. F. Poletti, who was formerly postal commissioner at Mukden but who left when the Manchukuo authorities took over the postal services throughout that territory, succeeds Mr. Nixon at Peiping

The October monthly meeting of the American University Club will be held on October 25 when Professor Esson Gale, who recently returned from America and is now connected with the Salt Administration of the Ministry of Finance, will speak on the "Adventure of Sinology in American Universities."

Mrs. Lotte Errell, correspondent for the German *Ullstein Press*, arrived in Shanghai this week and after several days here will return to Europe by way of Suez. Mrs. Errell prior to coming to Shanghai spent considerable time in Manchuria and north China. While in Shanghai Mrs, Errell is the guest of Mr, and Mrs. Chester Fritz, 62 Route de Boissezon.

Tai Chi-tao, president of the Examination Yuan, arrived in Nanking October 9 from Huchow, his native district. Mr. Tai recently submitted to the Government a detailed proposal for the establishment of various technical schools. Mr. Tai is scheduled to proceed to Loyang with Lin Sen when the chairman of the National Government returns from Foochow.

Messrs. M. S. Polin, W. L. Boy and C. T. Hutchins, the American directors on the board of the China National Aviation Corporation in a letter to the *China Press*, Shanghai, October 9, denied statements made previously in said paper that the American directors had charged that officials of the Corporation had made illegal profits from gasoline and that certain officials had been guilty of malfeasance.

During September Japan's export figures totalled Yen 140,000,000, according to a recent report issued by the Japanese Commercial Counsellor in Shanghai. Exports of raw silk, cotton piece goods, cotton yarn, silk piece goods, rayon and other sundries to foreign countries as well as China, brought a favorable balance for the month of Yen 44,000,000. During August Japan's export to China was valued at Yen 17,000,000.

Ten silk filatures at Wusih, chief silk producing center of Kiangsu province, are lying idle as the result of a strike of their workers which commenced October 8. Despite efforts at mediation on the part of the Wusih authorities, the workers are maintaining a firm stand, demanding strict conformity to previous agreements between the employers and themselves, abolition of the system of wage increase based upon piece work, and reducation of working hours.

Music Practice Starts for Thanksgiving Service

In accordance with the usual custom, the American community in Shanghai plans to hold a Thanksgiving service in the Cathedral, Thursday, November 24. The choir for this service is now being organized under the direction of L. C. Perry. Choir rehearsals are announced to start on Monday, October 17, in the Union Church Hall at 5.30 p.m. for men and 6 p.m. for women, with the men staying on to join in the choruses.

Chinese Booksellers in Trouble for Allegedly Selling "Red" Literature

Shanghai Municipal police arrested Tsang Tse-ching, of the Nyien Da bookstore, 92 Foochow Road, October 5 on a charge made by the Public Safety Bureau of keeping on sale literature entitled "Huh Loen," which is alleged to be of a "Red" character. At the First Special District Court during the week an application was granted for the rendition of the accused to the Chinese authorities for trial.

At the Second Branch Kiangsu High Court on September 30, Tseu Lien-ching, proprietor of a bookstore at 734 Tsepoo Road, was sentenced to a fine of $200 for selling communistic literature. The latter was ordered to be confiscated.

Who's Who in China

Gen. Swen Yuan-liang, vice-Commander of 88th Division of the Nationalist Army; native of the Chekiang; born at Hwayang, Szechuan, 1904; after receiving his preliminary education in Szechuan, he went to Kwangtung and attended the Whampoa Military College from which he was graduated; following graduation, he entered the Army service and fought many arduous battles for the Revolution, being seriously wounded on several occasions; appointed commander of the 1st Regiment of the 1st Route Army of the Northern Punitive Expeditionary Forces in 1926 when he was but 22 years of age; went to Japan in 1927 and attended the Tokyo Military Officers' College, specializing in artillery; in 1929, when he took a trip through Korea and the Three Eastern Provinces, he was dismissed from the school by the then Japanese War Minister on suspicion of being engaged in political activities; upon return to China, he was appointed commander of the artillery Corps in the 1st Division of the Model Army and shortly afterwards promoted Commander of the 7th Regiment of the 2nd Division of the Nationalist Army; commander of the 1st Brigade of 1st Division of the National Guards; during the Shanghai Hostilities with the Japanese last Spring, as Commander of the 259th Brigade of the 5th Army, he valiantly fought against the Japanese in the battles of Miaohangchen and Laitangchen; in recognition of his meritorious services, he was recently promoted vice-Commander of 88th Division stationed in Hupeh: address: Headquarters of 88th Division, Huayuan, Hupeh.

孫 元 良
Gen. Swen Yuan-liang (Sun Yuan-liang)

孫元良，生於一九〇四年。原籍浙江紹興，因寄居川省遂爲四川華陽人。黃埔陸軍軍官學校卒業。歷任排連營長，屢經戰役，身負重創。一九二六年黨軍北伐，任第一軍第一師第一團團長。時年僅二十二歲。一九二七年，東渡肄業日本陸軍士官學校野砲兵科。一九二九年夏，旅行朝鮮東三省，被日本宇垣陸相以作政治活動命退學。返國後任教導第一師野砲兵營營長。陸軍第二師第七團團長。一九三一年任警衛軍第一師第一旅旅長，後改第八十七師第二百五十九旅旅長。一九三二年春上海抗日之役，在廟行鎮婁塘鎮兩役，奮勇苦鬥，大著戰功。最近國民政府簡升爲陸軍第八十八師副師長。

Nanking International Club to Build Palatial Clubhouse

The International Club of Nanking, which was organized three years ago for the promotion of good-will among Chinese and foreign communities in the capital, will build a palatial new clubhouse during the coming year. A decision to this effect was reached at a recent meeting of the board of directors of the club. The late Captain Robert Dollar agreed to denote whatever lumber was required for construction of the new building. This naturally has raised a question as to the proportion of lumber and bricks that it will be feasible to use in the new building. The Executive Committee will shortly announce its decision on this matter.

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But so many women fail to maintain the blood stream in a healthy and plentiful condition. And they pay the penalty of neglect with those wearisome back pains, that weakness and emaciation; pallor, headaches, and depression.

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New Books of Interest in the Far East

Sir Frederick Whyte Discusses Far Eastern Questions

The Future of East and West, by Sir Frederick Whyte, K.D.S.I. Sedgwick and Jackson, London.

This little book numbers only 180 pages, including a helpful list of books for supplementary reading and the index. It is just what the average reader, who wishes to keep informed on questions of international importance without wading through volumes of learned discussion, needs.

The "unchanging East," in contrast to the restless enterprising West, has become a misnomer. Despite some historic truth in the idea, it does not apply to all the peoples of Asia nor to the whole record of the relations between East and West. Europe learned from Asia her alphabet, her numerals, her astronomy and her religion. The Arabs taught us how to navigate. The law givers, artists and craftsmen of Asia performed achievements that reached the heights of human endeavor,—from the Psalms of David to the temples of Angkor or the art of Tang and Sung. Sir Frederick says, "Here is evidence enough to disprove the charge that Asia is the stagnant continent and to give us pause in our confident assumption of Western superiority. And even by the test of contemporary achievement, the European and the American of 1932 has not performed his self-appointed task of civilization with such marked success as to justify his arrogance towards Asia."

Equally worth quoting is this: "If we commence our inquiry with the assumption that the Asiatic is inferior to the European, we may as well abandon the search for truth. If we acknowledge that there is room in the human race for different kinds of excellence, if we realize that men may be called to fulfil functions so different that the qualities they possess and the principles they profess are diverse and obviously belong to worlds apart, then we are in a frame of mind to acknowledge the truth that Europe is the offspring of Asia, and that if the son has outstripped the parent in the swift and exuberant enjoyment of life, he has not shown so much appreciation of the meaning of life. To the parent, the meaning of life is *more than life itself.*"

Beyond an opening chapter entitled, "The Unchanging East Awakes," and a closing chapter, "The Future: Appeasement or Conflict?", the three remaining chapters are devoted, one each, to India, China and Japan. Sir Frederick makes clear that these three great countries are too unlike in their attitude and approach to the problems of life to be labelled with one caption, "Oriental" or "The East." The Hindu believes that nature is a mere illusion. The Chinese accept nature as a basic fact, placing mankind in a universe of reality, though they recognize invisible forces which they feel they must placate and obey. Japan, following the lead of Europe, boldly bids nature bend to its will, and seeks in the West the secret of power over the natural world.

Gandhi of India is seen in his strength and in his weaknesses. To him is attributed the awakening of the masses of India to their political and economic condition, but he has proved a stronger leader spiritually than politically. As Sir Frederick succinctly puts it: "Mazzini made the soul of United Italy, but it was Cavour who gave it body. Gandhi is the Mazzini of the India of today, but where is the Cavour?" Very fairly the author acknowledges that England has been "so engrossed in giving India what we called good government—and it was good—that we did not awake till late in the day to the fact that our form of government could not last forever." But today India must solve her great communal problem. Great Britain stands ready to give what India thought Great Britain stood in the way of, and now the leaders of India see that her greatest problem is internal,—Hindu and Musulman cannot come to a common ground of compromise or cooperation.

The author of this little book has succeeded better than most in being fair-minded and sympathetic with both China and Japan. He does not mince matters as to the bed-rock of China's claim to sovereignty in Manchuria. He says plainly, "In international law, in geography, and in race, *Manchuria is Chinese.*" He does see however that there is substance to Japan's claim to special rights in Manchuria, rights not so much economic as strategic, which must be recognized in any future settlement. A more important conclusion than most writers on the subject reach is his statement that *Manchuria is less vital economically to Japan than the commercial good-will of America and China.* Because, with the dual control of military and civil authorities, Japan presents two distinct countenances to the world today. Sir Frederick calls Japan "the Janus of Asia." But because there is a school of thought there which will be heard again (and which has lost some of its best exponents by assassination) he cautions the West against that provocative kind of criticism which indicts a whole nation.

Finally, the author does not regard the future as a certainty. With less important clauses omitted, his conclusion is: "Not Asia alone, but the whole world seeks a plan of international relations which may some day make the sovereignties of our purely national States seem obsolete... Geneva now shows what the new day may be... The future of Asia is to be read in similar terms. Will it find in the new Soviet world the way to its ambition?.. Or, will not the League of Nations.. draw the sting from the feud between the East and the West?... If the price of universal peace be *universal sameness,* the world will rather choose unending war than such a death of its soul. But, in hoping that the many families of mankind, of all colors and faiths, will retain those individual qualities which have enabled them to make their past contribution to human history, and in believing that they have greater gifts still to bring, we yet affirm our faith that the common achievement which awaits them all is to take their differences to the high ground of a new world order, and there compose them in peace." G. T F.

The Buddhist Scriptures

A Buddhist Bible: the Favorite Scriptures of the Zen Sect. Edited and published by Dwight Goddard, Thetford, Vermont 1932. 316 pages.

The book contains a very short history of Zen (Chan) Sect of Buddhism, and selected translations of four main Sutras. Not a book for beginners. The main doctrines of philosophic Buddhism, and the particular Zen doctrine of "sudden illumination" can be traced through the book. But the reader must be prepared on nearly every page to wrestle with sentencess like the following: "Objects in themselves are neither in existence nor in non-existence and are quite devoid of the alternative of being and not-being, and should only be thought of as one thinks of the horns of a hare, a horse, or a camel, which never existed." (page 57). Again "The Blessed One replied: The three self-natures, the eight-fold mind system, and the twofold egolessness are all included in the Five Dharmas" (page 82). And yet whatever the puzzle to the Western mind, one needs to remember that these books have been the treasured possession and study of generations of men who have found in them a way of peace. J. W. N.

Chih-bar Kwei Issues Valuable Library Books

Chinese Books in American Libraries is the abbreviated title of a volume covering bibliographical and administrative problems arising from the incorporation of Chinese books in American libraries. The book was originally published in Peiping, by the Leader Press, 1931. The cost is $3 in Chinese currency; $2 for paper cover. Owing to the change of the management of the Leader Press, the author, Chih-ber Kwei, M.Sc., Ph.D., the director of the National Central University, Nanking, has taken over the publication himself. The author is the director of the National Central University Library, Nanking, and was the editor-in-chief of the *Chinese Student Bulletin,* Columbia University, New York City.

"Who's Who in the Philippines"

The title of the above book has the words "Chinese edition" in parenthesis. In other words its entire 200 odd pages are devoted to the biographies of Chinese resident in the Philippines. The Chinese community in the Philippines, as is the case with Chinese communities in many other countries, occupies a position of importance in the business world quite out of proportion to its numbers. "Who's Who in the Philippines (Chinese edition)" was compiled by Rodrigo C. Lim, ex-manager of the National News Service. It was printed by the University of Philippines Press, Manila.

Chinese Medical Journal

The current (September) number of the *Chinese Medical Journal* published as it was to coincide with the recent Medical Conference, is of more than usual interest and importance. An article of particular interest is one by A. Baranoff on medical education in China. An editorial

disscussing the registration of medical practitioners states that a pre-requisite is the registration of medical schools. An editorial on the tariff on medicines and drugs points out that in their desire to lessen the importation of "patent" medicines the compilers of the tariff have failed to discriminate in favor of legitimate medicines.

READERS of *The China Weekly Review who* may be interested in obtaining copies of any books which have been reviewed in these columns, may obtain them by sending their orders in care of *The Review*....If obtainable in Shanghai the books will be mailed immediately at retail prices prevailing in Shanghai, plus postage, or if not obtainable here, they will be ordered from the publishers abroad. Send orders or inquiries to Book Editor, *The China Weekly Review*, 38 Avenue Edward VII, Shanghai.

New Law Enlarges Scope of Central Bank's Securities

The State Council at Nanking last week approved the bill submitted by the Ministry of Finance to allow the Central Bank to use as reserve against the issue of bank-notes other marketable securities besides government bonds. The original regulations of the Government call for reserves of 60% cash and 40% security reserve which latter it was stipulated should be exclusively in government bonds, but by the new measure, besides the cash reserve of 60% which remains unchanged, the 40% security reserve may be partly in government bonds and partly in other approved marketable securities.

Land Bank of China Has Adequate Reserves

An examination of the issuing department of the Land Bank of China (Shanghai) held October 8 gave the following results:

Total amount of notes in circulation	$4,825,000.00
Reserve against notes in circulation:—	
Cash Reserve	$3,851,388.00
Securities reserve	973,612.00
	4,825,000.00

The figures show that the reserves are well above the minimum required by law.

Air Service Between Sian and Lanchow Is Resumed

A message of thanks was recently sent from Nanking to Shao Li-tzu, Chairman of the Kansu Provincial Government, by General Huang Shao-hsiung, Acting Minister of Communications, for his assistance in the construction of landing fields at Lanchow and Suchow and provision of other facilities for the Shanghai-Sinkiang Airway. It is announced that the Sian-Lanchow section of the Shanghai-Sinkiang Airway has been resumed. Trial flights on the Lanchow-Tacheng section will again be attempted next month.

Chinese in Annam Restive Because Treaty with France Remains Unratified

The treaty concluded between the Chinese and French Governments in 1930 relative to trade and residence of Chinese in French Indo-China (Annam) has so far not been operating, as it has never been ratified by the French Parliament. The Chinese Chamber of Commerce at Annam, in a telegram to the Ministry of Foreign Affairs and the Central Overseas Affairs Committee, has therefore asked that the treaty be put in operation, as Chinese merchants in Annam are meeting with great difficulties in the pursuit of their legitimate occupations.

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NOTICE

To Subscribers

(Residing Overseas)

Dating from August 1, 1932 the subscription rate for persons residing outside of China has been reduced from G.$10 a year to G.$8 a year, including postage.

The new rate applies to subscribers residing in the United States, Canada, Europe and Russia.

The new rate, estimated in the currency of the Federated Malay States is equivalent to s. s. $15. In India, Australia and other places using English currency the rate is equivalent to £2:8:0:

The China Weekly Review

38 Avenue Edward VII

Shanghai.

Something Wrong in Japan, The World Now Is Convinced

BY FRANK H. HEDGES
(Formerly Managing Editor of the Japan Advertiser, in the Kansas City Star)

THE internal ferment—political, social and otherwise—which has been seething within Japan the last several months is by far the most important event, the "biggest news story," in the Far East since an unwise Japanese admiral attacked that Chinese section of Shanghai known as Chapei.. The assassination of Premier Ki (or Tsuyoshi or Takeshi) Inukai several months ago by a little group of fanatical officers and cadets of Japan's military machine focussed the limelight of international publicity and attention on this ferment, and the world hears much speculation regarding a Fascist dictatorship, the defeat of democratic party government, state socialism, military autocracy and even a republican revolution in the empire of Japan.

What is going on within Japan is of great significance, not only to Japan and the Japanese but to the world at large in this day of complex international relations. It is, essentially, of more significance than the armed policy Japan has pursued in Manchuria and at Shanghai in the last nine months, because the outcome of the struggle within Japan will determine the future attitude and actions of that nation toward China, toward the United States and toward the whole of what we call western civilization.

Death Stresses Ferment

Premier Inukai's tragic death, the attempted assassination of the lord privy seal and hand grenades thrown at public buildings and banking institutions in Tokio are so sensational that the world has been awakened violently to the fact that something is wrong in Japan, but the outbreak of May 15 was merely a major skirmish in the political, social and even ethical struggle that had been at a critical stage for several months.

American correspondents in Tokio have been trying to tell the American public something about what has been going on, but the public in this country has paid scant heed to their tale. They have been handicapped, moreover, by the chaotic and formless nature of the ferment within Japan. It has been difficult, perhaps impossible, to separate distinct movements and trends and then hold them up to the light for observation and analysis. There have been isolated events, such as the assassination of two of Japan's leading financiers, the advocacy of a Japanese form of Fascism by this or that individual, the dominance of the military over the civilian elements in government that could be seen plainly. It is more difficult to discern the psychological state of a people which gives birth to such happenings.

Luck Turns with Quake

Since September 1, 1932, doubt and pessimism have been growing rapidly among the Japanese people as to the course Japan was pursuing and the future of the empire. September 1, 1923, was the date of the great earthquake, when all of Yokohama and much of Tokio were destroyed. Prior to that event luck had broken consistently in Japan's favor for a half-century. Since then luck has just as consistently been against it. No wonder that Japan began to question itself and that pessimism arose. In our own country we had little doubt of our economic structure three years ago. It took the depression to set us seriously to examining it and seeking to better it. In Japan the depression is found not only in the economic, but in the political and many other fields, so that institutions and policies which were blindly accepted a decade ago now are distrusted.

For many years Japan has been moving steadily in the direction of democratic party government, an alien doctrine in which great faith was placed. A Tokio newspaper put the situation succinctly a few years ago when it remarked: "Whether democracy is a good thing or not, it is the demand of the times." But democratic party government as practiced in Japan has not brought the millennium which was expected of it and the reverses Japan has suffered have served to set many Japanese casting about for some alternative to democracy which gives greater promise of that millennium. There is a school of thought which advocates a return to the military dictatorship under the moral aegis of the emperor that Japan has experienced so frequently in past centuries. There is another which worships states' socialism. There are still others, but none is strong enough to have become dominant and the result is chaos of political thinking in Japan. From that chaos either democratic party government or one of its alternatives will emerge triumphant and once more there will be political unity in Japan, but he would be a rash prophet indeed who pretended to know which theory of government would be the victor.

As Observers View It

Perhaps the best illustration of the ferment in Japan that I can offer is to quote parts of letters from experienced American, British and Japanese observers in Japan, letters written in confidence so that the names of the writers cannot be given here. One American, a resident of Japan for more than two decades, writes:

"We have gone through, certainly without doubt, the most tense period I have ever known in the many years I have been in Japan. I have been far more worried and concerned with the gravity of internal conditions than with the international complications.

"To my mind there is a very deep fester in the body politic. Whether it is a malignant or benign growth the next few weeks, or at most months, will determine. A poultice has been applied, and at least momentarily the outward symptoms show some signs of relief, but actually, whether a poultice will suffice or whether a major operation is essential, only time can determine. Unfortunately, if a major operation is necessary there is no surgeon sufficiently skillful to perform such an operation.

"The temper at present is one of desperation. The Japanese know they are fighting China, and they know that they are isolated. Yet they believe, and firmly believe, they are 100 per cent right—that is, that they are fighting the cause of justice, that the League of Nations and all the other powers are 100 per cent wrong. That's a strange and dangerous psychology.

"The army group, which dominates, sincerely believes it is the sole repository for the maintenance of the true traditions of old Japan. It is a reactionary group, and talks and thinks in terms of the emperor, and, strangely, it is socialistic—a rather unusual combination. It is decidedly anti-capitalistic....

"I do not intend to write a long political essay, but I thought this background would be interesting to you. Japan has changed. Somehow or other, I believe that a reaction will come. Notes and pinpricks from abroad are only irritants, and only strengthen the reactionaries.... As the outside tension is relieved, saner and wiser counsels will prevail."

Temper of Times Has Changed

A Japanese journalist writes, "I have to be very careful what I write, for the temper of the time has radically changed since the outbreak of the Manchurian incident." This man, graduate of an American university, a liberal thinker and until a year ago at least a firm believer in democratic party government, says in his next letter:

"Japan is becoming more and more inclined to be a country of Fascism. With this spirit, I believe, there may be a renaissance in this country. In spite of the financial and economic depression, there is something of a nameless hope and relief in the air."

And then a British resident of Tokio writes more hopefully:

"Few believe that the present cabinet has a long lease of life, in spite of its new majority, but there are no alternative premiers in sight. Many Japanese are a good deal shaken by what has occurred. It has been, in effect, a constitutional breakdown—the army running away with foreign policy and a supposedly strong majority cabinet torpedoed by treachery. There will be many by-products from the affair when its consequences have had time to work out, but the Japanese, as you know, are not extremists all the time and I expect a gradual revulsion to the ideas of representative government."

"The World Is Wrong"

With the thinking of the Japanese people in a state such as revealed by these letters, it is obvious that almost anything might happen in Japan. Constitutional government has broken down; democracy has not achieved the desired panacea, the world (from Japan's viewpoint) is pig-headedly wrong about Japan's policy in Manchuria,

the capitalistic system seems unable to bear the strain of the depression and everything else is apparently out of joint. It is but natural that the Japanese should be casting about for alternatives.

In most countries of the world the cry of Communism would arise from such conditions, but in Japan it is never the extreme left but the extreme right which is the danger. The extreme right in Japan will resort to direct action, believing that it operates for the glory of the emperor and Dai Nippon. Assassination, as has been demonstrated three times this year, is resorted to. It operates independently of the military group, but its victories are victories for the militarist and reactionary.

There can be little doubt that the killing of Inouye, of Baron Dan and of Premier Inukai was accomplished by extreme reactionaries acting independently, but there can be as little doubt but that liberalism suffers and the military clique gains by those deaths. Assassination is still a political weapon in Japan, although it is no longer such in this country. The assassination of President Hoover, for example, would have no such political results as does the assassination of a Japanese premier, or would the assassination of Mussolini in Italy. The United States has progressed beyond that stage.

Oligarchy Behind Throne

The militarists of Japan do, however, believe themselves best able to guide their nation's destiny, and may be expected to make every attempt to do so. That means the scuttling of party government and the establishment of a military oligarchy behind the throne. Such a development would be in accord with Japan's political experience of past centuries. During most of Japan's history there has been a dual form of government. The throne has remained morally supreme but without political power. Under the throne has been set up a military dictatorship, at first of one man, but in a generation or so of several powerful figures ruling behind and through this one man. The throne in Japan has seldom been a political institution, and it is only accidentally one today. It may be taken as certain that the throne will lose actual political power, will probably surrender it voluntarily, in the future, but it cannot now be foreseen whether that power will pass to the militarists as in past ages or to the political parties.

There is much criticism in this country of the power of the militarists in Japan and of the respect accorded them by the people. It is a perfectly natural situation. Unless Japan had built up a mighty navy and army it would remain today a second or third rate power. Can you ask the Japanese people to forget this? Can you ask them to throw to the dogs the instrument by which they have become great?

The Ferment to Go On

As a matter of fact, this country got its first grip in the world because of its military prowess. Would the nations of Europe have paid any attention to our Monroe Doctrine if they had not feared to encounter our mailed fist in case they violated it? We say now that our army and navy are designed purely for defensive purposes, yet we demand naval parity with the British Empire. The merest glance at a map of the world shows that a navy necessary to the defense of that far-flung empire becomes an offensive navy for the United States. And yet we certainly are not a militaristic nation.

The internal ferment in Japan will go on until the future nature of the government there is determined, and the nature of that government will determine Japan's attitude and policy toward China, America and all other nations. It may be that the militarists will triumph and revert to Japanese Fascism, a Fascism centuries older than that of Italy. It may be that the parties will triumph and the difficult struggle toward democratic government be renewed.

Certain it is that the militarists will defeat themselves unless they are able to give Japan the blessings it seeks, primarily a decent livelihood. If the militarists fail to do this, the people will turn from them, just as many are now turning from the political leaders who seem to have failed to give this blessing. In the long run, the people will be the final arbiter—as always. If they find they benefit most through a military dictatorship, through Fascism, through state socialism, they will place the mandate for government in the hands of the militarists. If they find they are happier and more prosperous under party government, they will return that mandate to their political leaders.

Latest New York Stock Exchange Quotations

Market—Strong — Business Done 1,700,000 Shares

Oct. 12, 1932

1931-2 High	1931-2 Low	Div.$ per Sh.	STOCKS	Mon. Oct.10	Tues. Oct.11
9⅜	1⅝	—	Adams Express	5⅛	5¾
87½	42½	*6.00	Allied Chemical & Dye	70½	71½
14½	4	—	Allis Chalmers	8	8⅜
73⅞	29⅝	*4.00	American Can	46⅝	49
14½	2	—	American & Foreign Power	6⅛	7⅜
9⅝	1⅛	—	American & Foreign Power Warr.	4½	5
26½	5¼	—	American Smelting	11¾	14
137⅜	70¼	9.00	American Telephone & Telegraph	100	103
86¾	44	*5.00	American Tobacco "B"	69	71
34⅛	11	2.00	American Waterworks	20	22⅝
18⅜	3	—	Anaconda Copper	8	9⅛
151¾	28¾	*4.00	Auburn Automobiles	37¼	39½
21⅜	3¾	—	Baltimore & Ohio	10½	12½
29	7¼	—	Bethlehem Steel	16	17¼
43⅛	20	*2.00	Borden Company	25⅜	26½
13½	3⅜	—	Borg Warner	8	8⅝
20⅝	7¼	—	Canadian Pacific Railway	13½	14⅝
63¾	16¾	—	Case, J. I.	36¾	39⅝
47⅞	19	2.00	Chase Bank	32½	34⅛
20⅝	4⅞	2.00	Chesapeake Corp.	10	12½
21	5	1.00	Chrysler	12⅝	13¾
6⅞	1¼	—	Cities Service Company	3⅜	3⅜
20⅞	4¼	1.00	Columbia Gas & Electric	12	13¼
5	1⅝	.30	Commonwealth & Southern	3	3⅛
15/16	1/16	—	" Warr.	7/16	½
68¾	31½	4.00	Consolidated Gas of N. Y.	51⅝	54⅜
9⅛	3⅝	—	Continental Oil	5	5⅜
54½	24¾	*3.00	Corn Products	43¼	47¾
6½	1½	—	Coty Inc.	3¾	3⅝
3	⅞	—	Curtiss Wright Company	2	2
57	23	4.00	Drug Incorporated	32¾	35
59¾	22⅛	2.00	Du Pont de Nemours	32¾	34⅛
87⅞	36¼	3.00	Eastman Kodak	46¾	49½
45¼	5	6%S	Electric Bond & Share	20	23
15½	2¾	—	Electric Power & Light	6⅝	8¼
5⅝	1	—	Fox Film "A"	2½	3
26⅛	8½	.40	General Electric	14¼	15½
40½	19⅝	2.00	General Foods	27½	29½
24⅝	7⅝	1.00	General Motors	12	13⅜
28⅝	6⅛	1.00	General Railway Signal	12⅛	12⅝
24¼	10⅞	1.00	Gillette Safety Razor	14¼	16⅜
19⅞	8¼	1.60	Gold Dust	15⅛	16½
11⅝	2¼	—	Goodrich Rubber	4¾	5½
28⅝	5½	—	Goodyear Tire & Rubber	12¼	14
18¾	3⅝	—	International Cement	8	8½
1⅞	½	—	International Com. Engine.	¾	¾
32¾	10⅞	1.20	International Harvester	19½	21⅜
12¼	3½	—	International Nickel	7¼	8¼
15½	2⅜	—	International Telephone & Telegraph	8¼	9¼
32⅝	10	—	Johns Manville	18⅝	21¼
19	4⅞	—	Kennecott	9¾	10¾
9⅛	1/32	—	Kreuger & Toll	¼	¼
66⅞	32⅛	*4.00	Liggett & Myers, "B"	59	62
36⅞	13¼	*3.00	Loew's: Inc.	25⅛	26½
17½	9	1.20	Lorillard P. Co. (Com.)	13	13⅞
11⅜	1½	—	Ludlum Steel	4⅝	Unq.
16¼	3½	—	Montgomery Ward	10¼	11⅞
64½	28¾	2.00	National City Bank (bid price)	41	44½
9⅞	2½	—	Nevada Copper	5	5¾
36⅝	8¾	—	New York Central	19	21
42¾	13¾	10%	North American Company	25¾	28½
37	16⅞	2.00	Pacific Gas & Electric	25⅞	26⅝
5¼	1½	—	Packard Motors	3	3
11½	1½	—	Paramount—Publix	3½	3⅝
23⅝	6½	—	Pennsylvania Railroad	12⅝	14
4¼	1	—	Penroad Corporation	2¼	2½
8	2	—	Phillips Petroleum	4⅞	5¼
60	28	3.20	Public Service of N. Jersey	43	46½
12½	2½	—	Radio Corporation	5⅞	7⅛
7⅛	1½	—	Radio-Keith Orpheum	3⅛	3¾
45⅝	26½	3.00	Reynolds Tobacco "B"	31	31⅞
37⅜	9⅞	—	Sears Roebuck	16⅞	18¼
8¾	2½	—	Shell Union	5⅛	6⅜
13	3	—	Simmons Company	6⅝	5⅝
12½	5¼	.80	Socony-Vacuum Corp.	8⅝	9
23¾	15¾	2.00	Southern California Edison	24¼	25½
34¼	7⅝	2.00	Standard Gas & Electric	14½	16⅞
37¼	19⅞	*1.00	Standard Oil of N. Jersey	27⅝	29¼
17¾	9¼	1.00	Texas Corporation	11⅛	12
26¾	12	2.00	Texas Gulf Sulphur	18⅞	20
7	2⅛	—	Trans America	4⅝	4¾
36⅜	15½	1.20	Union Carbide & Carbon	22	24
94½	27⅝	6.00	Union Pacific Railway	55½	60
33½	6½	—	United Aircraft & Trans.	20⅝	23
13⅜	3½	.40	United Corporation	7½	8½
21⅞	9¼	1.20	United Gas Improvement	16¼	17⅜
9¾	1¼	—	U. S. Rubber	4⅝	5¼
52⅝	21¼	—	U. S. Steel	34½	36
28¼	5¼	—	Vanadium	10¾	12⅞
4½	½	—	Warner Bros. Pictures	1⅞	2¼
43½	15⅞	—	Westinghouse E. & M.	25¼	27
45⅝	22	2.40	Woolworth	33¾	35⅝
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Chinese Medical Association Elects New Officers

New officers of the Chinese Medical Association and of its various special councils were elected at the concluding session of the conference October 5. Dr. W. S. New, ex-president of the National Medical Association, was elected the president; Dr. H. H. Morris, and Dr. Arthur W. Woo, both ex-presidents of the China Medical Association, were elected vice-presidents of the new Chinese Medical Association which came as a result of the amalgamation of the China and National Medical Associations on April 15, 1932. The president and vice-presidents are automatically president and vice-presidents of the Executive Committee which, according to the constitution of the association, is the highest organ in the intermission of conferences of the association.

Dr. H. P. Chu was elected general secretary of the association, with Dr. K. Z. Faung treasurer. Dr. James L. Maxwell and Dr. C. E. Lim were elected editors of the *China Medical Journal*, the official publication of the new association.

The other members elected to the executive committee are Drs. V. T. Loh, F. W. King, J. L. H. Paterson and Dr. T. K. K. Siao.

Dr. H. G. Earle was elected chairman of the council on research, Dr. P. L. McAll, chairman of the council on publication, Dr. H. H. Morris, chairman of the council on medical missions, Dr. Harvey N. Zee, chairman of the defence union, Dr. J. R. B. Branch, chairman of the council on hospital registration, Dr. T. A. Li, chairman of the council on public health, and Dr. F. C. Yen, chairman of the council on education.

Parke, Davis & Co. Win Trademark Decision Against Chinese Imitator

A decision of great importance was made by the Bureau of Trademarks on October 7 in the case in which Parke, Davis & Co., American wholesale chemists, (N. F. Allman, attorney) instituted proceedings against the Kiu Foo Company, Ltd., (C. T. Shen, attorney) because of the trademark used by the latter named company. The Bureau decided that the trademark of the Kiu Foo company should be cancelled for the following reasons: More than three years ago Parke, Davis & Co. secured approval of a trademark "Palatol", the Chinese equivalent being Pai Li To (帕勒托). Only recently the Kiu Foo Company registered a similar trademark with the characters 補力多 pronounced Pu Li To. The court decided that the Kiu Foo Compay had purposely used Chinese characters similar in sound to those used by Parke-Davis with the intention of maliciously imitating the original trademark when putting their medicines on the market. For said reason the Kiu Foo imitation trademark was ordered cancelled.

"And only to think—I might have saved all this by a dose or two of PINKETTES."

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TRADE MARK PINKETTES

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The National City Co. Gold Bond Quotations Received From Head Office

Oct. 6, 1932,

SECURITY	RATE & DATE DUE			Price	Approx Yield %
The National City Bank of New York	Stock			48¾	—
Argentine Government	6 %	May 1,	1960	58	10.80
U. S. of Brazil	6½%	Oct. 15,	1957	19½	—
Republic of Finland	6½%	Sep. 1,	1956	70½	9.68
German Central Bank for Agriculture	6 %	Oct. 15,	1960	52¼	—
Kingdom of Italy	7 %	Dec. 1,	1951	97½	7.24
State of Minas Geraes Series "A"	6½%	Sep. 1,	1959	12½	—
State of Sao Paulo (Brazil)	7 %	Oct. 1,	1940	58	—
American I.G. Chemical Corporation	5½%	May 1,	1949	80	7.65
Rhine Westphalia Electric Power Corp.	6 %	Apr. 1,	1955	51⅞	12.38
QUOTATIONS RECEIVED FROM LONDON OFFICE					
Republic of China Gold Loan	5 %	1925		67½	—
Chinese Govt. Re-org. (£) Loan Stamped	5 %	1913/60		68	—
Chinese Govt. Re-org. (£) Loan Unstamped	5 %	1913/60		66	—
Chinese Government (Crisp Loan)	5 %	1912		42	—
Shanghai-NankingRailway	5 %	1904/08		40	—
Shanghai - Hangchow-Ningpo Railway	5 %	1908/58		73	—
Hukuang Railway	5 %	1911/1951		22	—
Tientsin-PukowRailway	5 %	1908/09		22	—

NOTE: The above quotations are received by cable and whilst believed to be correct are not guaranteed.

The National City Bank of New York, Rates of Exchange
Shanghai, Oct. 12, 1932

Demand selling rate on America:	U.S. $1.00=Sh. $4.6525
Demand buying rate on America:	U.S. $1.00=Sh. $4.5605
Demand selling rate on London:	£1.0.0=Sh. $16.051
Demand buying rate on London:	£1.0.0=Sh. $15.727

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